



Daily Report

East Asia

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Japan

Talks With Iran To Include Loan Issue

OW1005111695 Tokyo KYODO in English
1058 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Japan and Iran will hold high-level talks next Monday [15 May] in Tokyo to discuss a wide range of topics, including yen loans, Foreign Ministry officials said Wednesday.

High on the agenda for the talks are the U.S. trade embargo on Iran to curb threats of terrorism and Japan's planned yen loans to Iran currently being withheld, the officials said.

Deputy Foreign Minister Hiroshi Fukuda will head the Japanese delegation to the regular bilateral consultations, while the Iranian side will be led by Deputy Foreign Minister Alaeddin Borujerdi [name as received], they said.

Other topics to be discussed at the Iran-Japan consultations include the Middle East peace process and the situation in Asia, the officials said.

The White House issued the executive order Monday banning virtually all U.S. trade and investment with Iran in response to Iran's alleged support of international terrorism and intensified efforts to acquire weapons of mass destruction.

The order, which details policies which U.S. President Bill Clinton announced last week, prohibits trade with Iran as well as trade financing, loans and related financial services.

Washington has officially asked Japan to join the embargo, but Tokyo has remained noncommittal, saying it needs to carefully study the U.S. request.

Japan resumed extending Official Development Assistance (ODA) to Iran in May 1993, thawing an 18-year freeze on official lending to the country.

Tokyo provided 38.6 billion yen in credit as the first installment for a hydroelectric power project on the Karun River in Southern Iran.

The decision on the second 45 billion yen installment of the aid was expected to be made last summer but was postponed after U.S. calls to scrap the financing deal.

Vice Foreign Minister Kunihiro Saito told a press conference Monday that Japan does not think that a policy of isolating Iran will bring about the desired results and that it considers it important to offer aid to help the "realists" in Iran gain more power.

Government Freezes Yen Loans to Iran

OW1005022295 Tokyo YOMIURI SHIMBUN
in Japanese 10 May 95 Morning Edition p 1

[FBIS Translated Text] On 9 May, the government firmed up its policy on freezing the resumption of yen-based loans to Iran until after the industrial nations' summit in Canada in June (Halifax summit). The U.S. Government has called on the Japanese Government to not resume the loans as it has decided to ban all its trade with and investments in Iran. The government is also considering instructing the Ministry of International Trade and Industry (MITI) to provide administrative guidance to ensure that Japan's oil industry and general trading companies do not "hunt and buy up" Iranian oil, which will become a surplus as a result of the U.S. action to ban importing it.

The government will make a final decision on the matter after watching other countries' reactions to and discussions of the U.S. call for cooperation in the ban of trade with Iran — at the Halifax summit.

So far, the government has distanced itself from the U.S. Government's position on this issue, and has tried to find a way to resume the yen loans. For instance, Kunihiro Saito, administrative vice minister for foreign affairs, said: "For the Gulf coast area's stability, the presence of a moderate and pragmatic Iran is essential."

Regarding this stand, the Foreign Ministry insists that "this is not to cooperate in the U.S. actions." But the Japan-U.S. talks on autos and auto parts have broken down and the U.S. Government now threatens to announce a plan for sanctions against Japan as early as 10 May. Apparently, the government has come to think: "We do not need to cause unnecessary noise in our relationship with the United States" (to quote a senior Foreign Ministry official).

As for the administrative guidance in dealing with Iranian oil, which will become a surplus, this is a measure from the Japanese Government's past experience of having trouble with the U.S. Government over Japanese industries buying up surplus crude oil when the U.S. Government carried out its earlier economic sanctions against Iran in 1979.

U.S. Plans for Trade Sanctions Examined

OW1005002695 Tokyo KYODO in English
0010 GMT 9 May 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, May 9 KYODO — U.S. President Bill Clinton will announce his policy on auto trade with Japan on Wednesday [10 May]

morning after failed negotiations in Canada last week, U.S. officials said Tuesday.

U.S. Trade Representative Mickey Kantor will hold a news conference on the auto trade dispute with Japan at 11:30 A.M. Wednesday at the White House, his office said, declining to specify its content.

A high-level Japanese diplomatic source said Kantor is expected to outline Clinton's basic intentions toward issuing a list of items subject to sanctions and lodging a formal complaint with the new global trade watchdog, the World Trade Organization (WTO), over Japan's trade practices.

The Clinton administration will delay its final decision for taking action until sometime late this week or next week to watch public reaction, the source said.

The slow U.S. move, against widespread anticipation for a quick decision to publicize the sanctions list, underscores opposition at home and abroad, and even apparently among members of the Clinton administration.

Some White House policy-makers are reportedly hesitating to slap sanctions at the cost of ruining the political and security relationship with Japan and also of inviting criticism from European and other trading partners.

Surrounded by a herd of reporters before and after addressing the small business exporters association, Kantor said, "Be patient, all will come tomorrow."

"I think tomorrow you would be very interested in what we have to say," Kantor said, declining to specify Clinton's decision based on recommendations for trade sanctions and other measures made by his top economic advisors under the National Economic Council (NEC).

Asked whether there are ways to resume talks with Japan, Kantor said, "It's up to Japan."

Earlier Tuesday, however, U.S. Commerce Undersecretary for International Trade Jeffrey Garten said that the U.S. is ready to reopen talks with Japan, but reiterated that sharp gaps exist in all major areas under the bilateral auto and auto parts negotiations.

"Our door is always open, and we are not going to spare any efforts to reach a satisfactory conclusion," Garten told reporters after attending a European Institute forum.

But after negotiating for some two years, there are still "fundamental differences in every major area," he said.

Considering the current tension between the United States and Japan, Garten brushed off the idea of an imminent trade war, saying, "our overall relationship with Japan is very strong and we intend to keep it that way."

The auto dispute "is a problem in a particular sector...And is certainly not a trade war," he said.

At the forum, Garten sought support from the European Union to "try to see eye-to-eye on how to deal with Japan effectively and reciprocally."

His comments apparently reflected recent statements by European Commission Vice President Leon Brittan opposing any aspects of "managed trade" in reference to the thorniest issue of the U.S. demand on Tokyo to solicit Japanese automakers to renew their "voluntary" parts purchasing plans.

Meanwhile, Japanese Ambassador to Washington Takakazu Kuriyama reiterated Tuesday at a media briefing that Japan will take the case to the WTO as the cabinet of Prime Minister Tomiichi Murayama reached a consensus overnight for the action if the U.S. issues the sanctions list.

In remarks in Canada after the collapsed talks, Kantor said he welcomes talks at the WTO to review whether Japanese trade practices are consistent with multilateral rules.

Considering an expected list for punitive tariffs under Section 301 of a 1974 U.S. trade law, U.S. Commerce Secretary Ron Brown indicated that it will be chiefly targeted at luxury cars, minivans and other items that would not discourage American consumers and jeopardize production at U.S. automakers.

Attending the same association meeting on Tuesday with Kantor, Brown said, "We are to focus on options...Without damaging the American market."

The most affected Japanese products are thus expected to include vehicles such as Toyota Motor Corp.'s Lexus, Honda Motor Co.'s Acura and Legend, as well as Nissan Motor Co.'s Infiniti.

The NEC meeting, including its head Laura Tyson, Kantor and Treasury Secretary Robert Rubin, convened Saturday to review measures against Japan after the ruptured meeting on Friday in Canada between Kantor and Japanese International Trade and Industry Minister Ryutaro Hashimoto.

The top economic advisers were said to consider all available options, and reportedly agreed "unanimously" on recommendations to Clinton.

U.S. officials have indicated that one option is to issue a wide-ranging list of Japanese products, from electronics auto parts to finished vehicles, subject to punitive tariffs under Section 301 of the 1974 U.S. trade law.

The retaliatory tariffs would reportedly reach up to 100 percent, costing billions of dollars.

Under the trade law, however, a review period of at least 30 days is given to U.S. companies and consumers through such occasion as congressional hearings for sorting out the list to request removal.

During the period, U.S. automakers will likely lobby for deleting auto parts and other items that need to be procured from Japan, and such popular cars as Toyota's Camry and Honda's Accord will unlikely be subject to sanctions to dodge criticism from American consumers.

Igarashi: Stance on Auto Case 'Unchanged'

OW1005105495 Tokyo KYODO in English
1039 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Japan will stick to its position of taking the auto trade dispute with the United States to the newly formed World Trade Organization (WTO) if Washington unilaterally imposes sanctions.

"In any case, our basic position on this issue remains unchanged," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

While rejecting a U.S. demand for setting what Japan deems numerical targets in opening up its market to U.S. autos and auto parts, the top government spokesman said Japan will take necessary steps to settle the row "in line with international rules."

Tokyo has repeatedly said it will bring the dispute to the WTO, a global trade watchdog that replaced the general agreement on tariffs and trade in January, in the event that the U.S. resorts to unilateral sanctions.

The bilateral auto trade negotiations ended in rupture last week, as a result of which Washington is expected to unveil a list of punitive measures against Japan on Wednesday [10 May].

Igarashi Denies Murayama, Clinton Summit Set

OW1005081095 Tokyo KYODO in English
0752 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Chief Cabinet Secretary Kozo Igarashi on Wednesday [10 May] denied a report that a Japan-U.S. Summit will be held June 15 to reaffirm bilateral cooperation.

The top government spokesman said that the schedule of a possible meeting between Prime Minister Tomiichi Murayama and U.S. President Bill Clinton "is currently being negotiated."

A news report had earlier said the two leaders will meet just prior to the June 15-17 summit of the Group of Seven [G7] major industrialized nations in Halifax,

Canada, so as to prevent bilateral ties from going awry over the contentious auto trade issue.

Nikkeiren Head: U.S. 'Extremely Unreasonable'

OW1005061495 Tokyo KYODO in English
0603 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Business leader Takeshi Nagano on Wednesday [10 May] called the United States' demands "extremely unreasonable" in recent auto and auto parts trade negotiations.

Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), told a news conference the breakdown of the protracted talks was unavoidable.

He said U.S. demands that Japanese automakers increase purchases of foreign-made auto parts are extremely unreasonable.

Nagano supported the government's stance of bringing the issue to the World Trade Organization as the only option left to Japan when the U.S. announces a list of sanctions.

Toyota Reportedly To Hike Foreign Purchases

OW1005093995 Tokyo ASAHI SHIMBUN
in Japanese 10 May 95 Morning Edition p 3

[FBIS Translated Text] On 9 May, a senior executive of Toyota Motor Corporation commented on Japanese automakers' voluntary plans to buy foreign-made auto parts, which were a focal point of discussions at the new Japan-U.S. economic talks, saying: "We are studying the possibility of including (in our plan) an additional portion of auto parts we are planning to buy for our assembly plants in Canada." In this way, he suggested that there is a possibility of increasing the amount of Toyota's voluntary plan, which was announced in March of last year. It seems that Honda Motor Co. will follow in Toyota's footsteps. It is possible that some progress may be made at the negotiations if the U.S. Government and industrial circles change their stand and positively assess upward revisions of purchase targets not by business circles as a whole but by individual companies.

In March of last year, Toyota announced a voluntary plan, in which the target year was set as fiscal 1996 to import \$1.3 billion worth of auto parts from the United States and to purchase parts worth \$5.15 billion in the United States for use at its assembly plants in that country. Of the purchases abroad, Toyota included in the voluntary plan only parts which its two assembly plants in the United States plan to buy from U.S. parts makers.

Toyota plans to expand production at its facilities in the United States and Canada in fiscal 1996 and thereafter. The company is also scheduled to increase engine production at its plant in Canada. Some major Japanese automakers included in their voluntary purchase plans auto parts they plan to buy in Canada and Mexico. Toyota can increase the amount of its purchases if it adds, like other companies are doing, auto parts for use at the facilities in Canada to its purchase plan and extends the target year to fiscal 1998.

Meanwhile, Honda is scheduled to increase production at its facilities in North America until 1997. Because of this, it is possible that Honda may also revise upward its target for the voluntary purchase plan if Toyota increases the amount of purchases for its voluntary plan.

However, the U.S. Government and industrial circles are asking for a voluntary plan of Japanese industrial circles as a whole and demanding that Japan set a target year of fiscal 1999 and raise Japanese automakers' voluntary targets for purchases of foreign auto parts from 5 to 20 percent.

Parties concerned pointed out: "The U.S. Government needs to change its stance to a flexible one by accepting increases by companies which can increase their targets for voluntary purchases. This is a precondition to a compromise." Moreover, some people are of the view that the United States may demand Japan show figures of companies which are unable to increase their targets for voluntary purchases because they do not have a plan to expand production at their facilities in North America, should Toyota and Honda revise their targets. Therefore, they are cautious about the idea of simply increasing figures.

Denies Report on Foreign Parts

*OW1005032495 Tokyo KYODO in English
0255 GMT 10 May 95*

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Toyota Motor Corp. denied Wednesday [10 May] a newspaper report that it is considering adding auto parts for use at a plant in Canada to its three-year program for buying foreign auto parts.

The ASAHI SHIMBUN in its Wednesday morning editions quoted a Toyota executive as saying, "The addition of auto parts at the Canadian assembly plant to the current voluntary program is under study."

A Toyota spokesman said, "Our executive made no such comment." He said the newspaper report may have been based on a misunderstanding in its interview.

Toyota plans to protest to the mass-circulation daily about the "misleading article," which could have a great

impact on the auto industries within and outside Japan, the spokesman said.

Under the present voluntary targets for fiscal 1996, Toyota is expected to import 1.3 billion dollars worth of parts from the United States and also procure parts worth 5.15 billion dollars in the U.S. for use at its two assembly plants in that country, he said.

Nagano Chides Government on Economic Policy

*OW1005092495 Tokyo KYODO in English
0843 GMT 10 May 95*

[FBIS Transcribed Text] Tokyo, May 10 KYODO — The outgoing head of a blue-ribbon business group criticized the government of Prime Minister Tomiichi Murayama on Wednesday [10 May] over its economic policy.

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), told a news conference he is concerned about the worsening relations between Japan and the United States over trade issues.

"I don't think economic deregulation will be carried out (under Murayama's cabinet)," he said, calling for a general election as soon as possible to form a new government determined to implement political and economic reforms.

Nagano will resign as head of the federation May 17 after serving two consecutive two-year terms.

Nagano denounced the U.S. stance for the failure of auto and auto parts trade negotiations with Japan but said he is "really worried" about its impact on bilateral relations.

"Japan has done nothing over the past decade despite U.S. pressure to open its market and reduce regulations, and I think something is wrong with Japan," he said, suggesting a lack of strong political leadership is responsible for the worsening of Japan-U.S. relations.

Officials To Observe FEMA Rescue Drills

*OW0805090995 Tokyo KYODO in English
0854 GMT 8 May 95*

[FBIS Transcribed Text] Tokyo, May 8 KYODO — The government has sent more than a dozen officials to the United States to observe a three-day rescue drill to be conducted by the Federal Emergency Management Agency (FEMA), government officials said Monday.

The mission, which consists of 14 government officials from nine ministries and agencies, will inspect from Tuesday a drill which will focus on handling hurricane-related disasters.

U.S. federal and local government representatives will also attend the drill, which will be conducted on the scenario of a hurricane hitting the southeast.

The Japanese team will observe how the federal government organizes the rescue missions and secures rapid transmission of vital information, the officials said.

The Japanese officials are scheduled to meet with FEMA officials to discuss a variety of crisis management problems after the drill and will also attend a meeting on the prevention and handling of natural disasters to be held May 15 in Washington as part of the U.S.-Japan trade framework talks.

DFAB To Force Land Contracts for U.S. Military

*OW1005051495 Naha RYUKYU SHIMPO
in Japanese 9 May 95 Morning Edition p 1*

[FBIS Translated Text] On 8 May, Prime Minister Tomiichi Murayama approved the applications submitted by the Naha Defense Facilities Administration Bureau [DFAB] for forced use of land by the U.S. Military without contracts for the next term. The current term will expire in May 1997. This will be announced officially on 9 May.

With Murayama's approval, the DFAB plans to start working out records of the land to be used and to send copies of the prime minister's approval and official notices to the landowners who refuse to sign contracts for them to sign and affix their seals. It also intends to speed up the procedures to apply for Okinawa Prefectural Government Land Expropriation Committee approval for forcible land use.

Concerning the approval of forcible land use by the Murayama cabinet, an administration led by the Social Democratic Party of Japan [SDPJ], the SDPJ Okinawa prefecture chapter protested, saying: "It is unacceptable that our request for suspending forced use of land was rejected. The decision is an outrage that runs against the trends of the post-Cold War era of disarmament." The local SDPJ plans to discuss measures to deal with this issue at the 10 May executives' meeting. The Antiwar Landowners Association, One-Tsubo Antiwar Military Landowners' Association, and the Council for Joint Struggle Against Unconstitutionality Concerning Military Land in Okinawa [Okinawa Gunyochi Iken Kyoto Kaigi] are also intensifying their protests.

The use of 371,000 square meters of land, which is owned by 2,927 people, was approved this time. The land consists of parts of Kadena Air Base, Futenma Air Station, and 11 other facilities. The DFAB made the first application for land use (4,000 square meters, owned by four people) on 7 April and the second application

(about 366,000 square meters, owned by 2,923 people) on 17 April.

Since the number of rejectors of land use has reached a record high, the DFAB has been speeding up administrative procedures. It took the DFAB about three weeks to obtain approval for the application this time while it took one month previously. The DFAB states that "we hope to complete the procedures smoothly."

The focal point will now be how the antiwar landowners deal with the DFAB request to sign and affix seals on the land records. The One-Tsubo Antiwar Military Landowners' Association and other organizations say they "will refuse to sign or affix seals on the records."

The antiwar land owners also refused to sign or affix their seals on the records the previous time and the mayors of cities, towns, and villages also refused to sign on behalf of the owners. Consequently, then Okinawa Governor Junji Nishime signed as proxy in October 1992. There is a strong possibility that Governor Masahide Ota may be asked to sign as proxy this time.

Noting that "the prefectural government has not made any decision on the issue," a top Okinawa government official said: "If the bill on special measures to promote the diversification of military land [Gun Ten Ho] is not approved, there is no use discussing the issue. We are not sure about what to do if the bill is approved. We will be able to oppose the forced use of land and call for the return of sites in the diversification plan. However, from an administrative standpoint, it is questionable whether we can oppose forced use of areas that are not in the diversification plan." He indicated that the government may take a realistic stand to deal with this issue based on precedents.

Table 1. List of the land of forced use approved by Prime Minister Tomiichi Murayama

Facility	Area (1,000 square meters)	Number of Owners
1. Auxiliary Airfield on Ie Island	239	21
2. Camp Hansen	6	8
3. Senaha Communications Facility	1	2
4. Kadena Ammunition Depot	6	13
5. Camp Shields	1	1

Facility	Area (1,000 square meters)	Number of Owners
6. Torii Communications Facility	3	3
7. Kadena Air Base (portions owned by members of the Ose-Tsubo Antiwar Landowners' Association)	39 (2)	2,266 (2)
8. Camp Zukeran	15	9
9. Marine Corps Air Station Futenma (portions owned by members of the Ose-Tsubo Anti-War Landowners' Association)	25 (67 square meters)	585 (569)
10. Makimino Supply Depot	13	4
11. Naha Port Facility	16	11
12. U.S. Army Oil Depot	6	3
13. Sobe Communications Facility	0.2	1
Total	371	2,927

Total area will not tally with sum of 13 items because of rounding off to the nearest whole number.

Nation Urged To Take Lead in UN Reform

OW0905130795 Tokyo ASAHI SHIMBUN
in Japanese 3 May 95 Morning Edition p 15

[Editorial: "Proposal 6: Leading Reform of the United Nations"]

[FBIS Translated Text] Strengthen the powers of the United Nations General Assembly for democratization and gradually abolish the veto to make the United Nations Security Council a fair body. Build a strong "socioeconomic Security Council" to give top priority to activities designed to nip disputes in the bud.

"Japan-U.S. relations as the cornerstone of diplomacy" and "United Nations-oriented diplomacy" have been important pillars of postwar Japanese diplomacy. If the former was a very realistic policy for establishing Japan's security by forming an alliance with the United States, the latter was an expression of Japan's determination to strive to realize the ideal of the UN Charter, in which

Japan saw an idea resonant with the spirit of the Constitution while envisioning an ideal future international community centered around the United Nations.

The United Nations, which was formed as a result of the soul-searching from two world wars, launched a plan, as its first objective, to save "future generations" from the "scourge of war" and obliged all member nations by its Charter to peacefully settle international disputes and refrain from the "use and threat of force."

The United Nations aimed at forming a collective security system, in which the member nations act together to take sanctions against violators and take coercive measures by force when necessary. But it still has not yet formed a proper United Nations force to back up "peace by the United Nations."

Responding to such an ideal of the United Nations Charter, the Japanese Constitution proclaimed the renunciation of war and "threat and use of force" as a means of settling international disputes.

Soon after its founding, the United Nations sailed into the rough waters of the Cold War and has not fulfilled the duties it was expected to play in the half-century of its existence. But the liberation of colonies and independence for about 80 nations would have been unimaginable without the United Nations. And it was the United Nations that sought to end racial and sexual discrimination and enhanced the awareness of states and people about such problems as the population explosion and environmental destruction.

We should not forget that in terms of preventing international politics from being driven only by the selfish interests of big powers, the United Nations has played a role of providing a precious arena where small countries can explain their stands to the world.

Fifty years have passed since the end of World War II, and the world is completely different from what it was when the United Nations was formed. The discrepancy between what the world expected of the United Nations and the present condition of the United Nations is much too great.

The United Nations, which started with the 51 victors of World War II as its charter members, has grown into a universal organization with 185 members. At the same time, we can no longer leave the imbalance in the power of major UN organizations, including the Security Council and the Economic and Social Council, as is is.

Japan, a "former enemy" according to the Charter, makes the second largest financial contributions to the world body among member nations. Japan is also

expected to provide 15.65 percent of all contributions — about equal to the combined contributions of four permanent members of the Security Council, except for the United States — in 1997. The fact that permanent seats for Japan and Germany on the Security Council are talked about in connection with reform of the United Nations is symbolic of the changes that have taken place in the last half century.

The character of the problems that threaten "international peace and security" referred to in the Charter has also clearly changed. Regional conflicts and ethnic disputes have proliferated while people are free from the nightmare of a nuclear showdown between the United States and the Soviet Union.

In place of ideological confrontation, poverty, environmental destruction, and various gaps in societies have come to be perceived as major problems confronting the world. A shift in ideology from military-oriented security to human-centered security, designed to nip conflict in the bud, has gained ground.

The 1994 version of the "Report on Human Development," which was prepared by the United Nations Development Program, points out that one-fifth of the population in poor countries suffers from starvation and a quarter does not have basic necessities while large quantities of food are thrown away and needless weapons are produced abundantly in rich countries.

Nor does the problem end there. In a borderless age, national boundaries no longer have the same meaning. Regions are being integrated. Nations are no longer the exclusive players in international politics, and the problems facing mankind cannot be addressed properly without joining forces with nongovernmental organizations and regional bodies.

It is obvious that the United Nations lags behind such changes in the times. The United Nations is forced to make a fundamental review of its organizations and the priorities in its activities.

From such a viewpoint, we propose that Japan stand in the forefront of the reform of the United Nations. We are certain that the proposal will serve as a guideline for Japan, which has become the world's major power [as published] half a century after the end of the war, in adopting future-oriented political and diplomatic policies.

The major targets of the reform are: 1) to strengthen the power of the General Assembly for the sake of democratization of the United Nations; 2) to phase out veto powers to make the Security Council a fairer and more transparent organization; 3) to create an Economic and Social Security Council to meet the requirements

of the times; and 4) to clearly define peacekeeping operations in the Charter.

The starting point for the reform of the United Nations is to part with a passive perception of the United Nations. The United Nations is a laboratory for human beings to bring the reality of the world closer to the ideal. What is important is the ability to have visions about the manner of our participation in the world body in light of the "world as it should be" and the course that Japan should take and to act on such visions.

Some people in Japan advocate revising its Constitution to make more a active "international contribution" under a "reinvigorated United Nations." However, we should neither unquestioningly accept the United Nations as it is nor impetuously change its basic policies. Japan should take the lead in the reform of the United Nations while making serious efforts toward an international contribution that is appropriate for Japan. Strengthening the Power of the General Assembly for the Democratization of the

United Nations

The lifeblood of the United Nations is the member nations' confidence in it. It is important that rules and principles are fairly applied regardless of the size and strength of the member nations. That is why democratization comes at the top of our objectives.

The countries in "the South" are increasingly concerned that the United Nations has tended to be driven by major countries. The power of the General Assembly should be strengthened so that the voices of the developing countries are better reflected in UN activities.

At present, the resolutions adopted by the General Assembly do not have binding power. And Article 12 of the Charter stipulates that, without the Security Council's explicit request, the General Assembly shall not make any recommendation on matters related to peace and security if the Security Council is performing its duties in such matters.

Because the Security Council is very powerful, it is unhealthy that the United Nations lacks institutional arrangements for examining the relevance of the decisions and other actions of the Security Council. The Charter should be revised to enable the General Assembly to always keep track of the Security Council and oversee it. It should also be made possible for the General Assembly to make recommendations on peace and security from perspectives that are different from those of the council.

Phasing Out Veto Power for a Fairer Security Council

The reform of the Security Council, the focal point in the overhaul of the United Nations, should be made with the greatest emphasis placed on securing greater transparency in discussions at the council and thereby ensuring fairness.

Veto power should be abolished. In the first phase, which is to be put into effect by the end of this century, change should be made in veto power in such a way that it is effective only when two or three permanent council members concur and, secondly, it should be abolished outright by the target year of 2005.

Japan and Germany are regarded as prominent candidates to be new Security Council permanent members. But a reform worth its name would call for inviting three other countries, each representing Africa, Asia, and Latin America, as new permanent members as well. Moreover, the nonpermanent members should be increased by about five seats so the opinions of smaller countries and those in the South are better reflected.

In the second phase of reform, the Security Council should be entirely overhauled by around 2010.

The five permanent members of the Security Council are all nuclear powers and major weapons suppliers. Weapons exports by these countries accounted for 86 percent of total world arms trade in 1993. While the danger of the proliferation of nuclear arms and modern weapons to developing countries is becoming more and more serious, the root cause of the danger is traced to the five countries that assume the greatest responsibility for maintaining peace and security in the world.

A breakthrough will be found by changing the Security Council so that it can make an honest effort at nuclear disarmament and regulation of the transfer of conventional weapons.

Japan — unique in its three nonnuclear principles, refusing to export weapons, and not making a military contribution to the world community — should stand at the forefront of the reform of the United Nations. And if it is so requested, Japan should become a permanent member of the council. What is important is not that Japan have a permanent seat on the Security Council, but what it becomes a member for and what it does after becoming one.

Defining Peacekeeping Operations in the Charter

Peacekeeping operations are not formally defined in the Charter, and the peacekeeping efforts are described as actions based on "Chapter Six and One-Half" because they are in between Chapter Six, which provides for

peaceful settlement of disputes, and Chapter Seven, which stipulates sanctions and the use of military power.

Conventional peacekeeping operations were based on principles of 1) consent of the parties to the dispute, 2) nonparticipation by permanent members of the Security Council and parties to the dispute, and 3) not taking military action. Departing from the tradition after the end of the Cold War, however, the United Nations "attempted to impose peace through force." But the failure in Somalia put the prestige of the United Nations at risk and Secretary General Butrus Butrus-Ghali expressed his intention to return to traditional peacekeeping efforts. It is desirable to clearly define peacekeeping in the charter so that it will not overstep the mark in future.

Japan should actively take part in such operations through its nonmilitary organizations.

Chapter Six of the Charter should more clearly define the course of action for peace, such as guidelines for mediation.

Creation of an Economic and Social Security Council

To thwart the growth of disputes, emphasis in UN activities should be placed on such problems as poverty, human rights, and the environment. But the present Economic and Social Council is not powerful enough for that. Many specialized organizations have branched out from the United Nations in these fields and partly duplicate functions. But under present circumstances, the Social and Economic Council cannot properly make comprehensive plans and control or adjust specialized agencies.

An "Economic and Social Council" should be established in these fields with power commensurate with that of the Security Council in peace and security. Special attention should be paid to joining forces with nongovernment organizations and the role of the nongovernment organizations should be clearly defined in the Charter.

These are only some of the tasks in reforming the United Nations. But every one of them will put Japan to the test in regard to its basic policies and its diplomatic and political capability. It is hoped that Japan, while promoting reform of the United Nations and disarmament in the world, will be a country that takes steps forward without losing sight of the day when the United Nations will have a credible UN police force.

ROK Praises Stance on U.S.-DPRK Talks

OW0905052995 Tokyo KYODO in English
0504 GMT 9 May 95

[FBIS Transcribed Text] Tokyo, May 9 KYODO — A senior South Korean defense official hailed Japan's support Tuesday [9 May] for the next round of U.S.-North Korean high-level talks aimed at unlocking the impasse over Pyongyang's refusal to accept modern nuclear power reactors from South Korea, Japanese officials said.

Yi Chong-lin, vice defense minister, told Japanese Defense Agency chief Tokuichiro Tamazawa that Japan's support would also contribute to South Korea-Japan relations, agency officials said.

On a recent visit to the United States, Tamazawa told U.S. defense officials that Japan will support the U.S. position, urging North Korea to accept the South Korean-model reactors, in the renewed high-level talks.

Earlier Tuesday, Yi told the agency's vice minister, Naoaki Murata, that the reactors "must be South Korean models" since South Korea is shouldering the bulk of the cost for the new reactors for North Korea, officials said.

He added that North Korea is using the nuclear issue as a "diplomatic card" in an apparent effort to improve relations with the rest of the world.

Yi invited Tamazawa to visit South Korea and the agency chief responded that he would like to go, the officials said.

Yi is the first South Korean vice defense minister to visit Japan and will be visiting a number of agency units, including the technical research and development institute.

North Korea agreed last October to dismantle its current graphite-moderated nuclear reactor, suspected of fueling a secret nuclear arms program, for two light-water reactors, which produce less weapons-grade plutonium.

South Korea has offered to shoulder the bulk of the 4 billion dollar cost of the reactors and provide two of its light-water reactors, but North Korea has refused to accept the reactors from its ideological archrival.

Murayama: Cooperative Ties With China 'Vital'

OW1005023395 Tokyo KYODO in English
0213 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Cooperative ties between Japan and China are vital to the development of the Asia-Pacific region as a whole,

Prime Minister Tomiichi Murayama told a Chinese official on Wednesday [10 May].

The premier, who made an official trip to China last week, made the comment in a talk with Ma Hong, honorary director general of the Development Research Center of China's State Council, a Foreign Ministry official said.

Murayama also reiterated his remarks during his Chinese visit that Japan should face up to history and feel remorse for its victimization of China before and during World War II so as to further promote friendly bilateral ties, the official said.

Ma said the Chinese people are impressed by Murayama's attitude toward Japan's past relations with China, the official told reporters.

Tokyo, Bonn Negotiating Pension Accord

OW0905064995 Tokyo KYODO in English
0618 GMT 9 May 95

[FBIS Transcribed Text] Tokyo, May 9 KYODO — Japan and Germany have agreed on the basics of a bilateral treaty that allows for mutual recognition of pension claims acquired in the two countries, Health and Welfare Minister Shoichi Ide said Tuesday [9 May].

Agreement over the "direction" of the accord was reached in talks with German Labor Minister Norbert Blum during Ide's recent visit to Germany, the minister told reporters after a regular cabinet meeting.

Ide said further working-level talks following a round in March are slated for June and September this year in an effort to speed up conclusion of the pension agreement.

Since the negotiations started in 1991, talks had been held only once a year.

"We would like to get the Foreign Ministry involved in the negotiations as soon as possible in order to submit (the agreement and related laws) to the regular Diet session next year," Ide said.

Under the planned agreement, the period during which an employee posted overseas made payments into the other country's national pension fund will be fully accounted for in claims from the national pension fund in his or her home country.

Currently Japanese who pay into Germany's pension fund for less than five years and Germans who do not make contributions to Japan's pension fund for the minimum 25-year period cannot claim any pension for their time in the other country.

The envisaged agreement would ease the financial burden for companies and employees, who usually

continue to pay into their home country's pension scheme to prevent the loss of pension claims due to overseas postings.

In Japan and Germany, the company and the employee each shoulder half the sum paid into the national pension fund.

Sewage Works Head Questioned on Bid-Rigging

*OW0605144195 Tokyo KYODO in English
1434 GMT 6 May 95*

[FBIS Transcribed Text] Tokyo, May 6 KYODO — Prosecutors are believed to have questioned the head of the Japan Sewage Works Agency over the public corporation's alleged collusion with electrical companies to rig bids for public works projects, prosecution sources said Saturday.

The testimony of Itaru Nakamoto, 61, is considered crucial to corroborating statements by former senior agency officials pointing to the agency's top echelons' involvement in bid-rigging practices, the sources said.

The officials told investigators the top management had ordered them to instruct the firms to allocate orders among themselves according to a certain ratio formula.

The agency, a special corporation supervised by the construction ministry, awards local government public works contracts for sewage facilities.

Based on proposals by the agency's engineering works department, an agency committee decides which companies will be allowed to enter bids.

The final decision on contractors is made by the chairman of the committee, a post filled by the agency's vice director.

Nakamoto served as the head of the engineering works department when the alleged bid-rigging started in 1990 and had the final say on the placement of orders as vice director during the period in 1993 that is at the core of criminal charges lodged by the Fair Trade Commission (FTC) against nine electric makers in March.

The nine electrical firms suspected of setting prices for public sewage projects in violation of the Antimonopoly Law include Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., Fuji Electric Co. and Meidensha Corp.

Also named in the FTC's accusation are four smaller firms — Yaskawa Electric Corp., Nissin Electric Co., Shinko Electric Co. and Takaoka Electric Mfg. Co.

But as the Antimonopoly Law does not have provisions for punishing authorities that place orders for public projects, no criminal accusation was filed against the agency directly.

The nine firms are suspected of setting bid prices for electric appliance installation projects during talks at the beginning of fiscal 1993 before submitting tenders for the projects.

The agency is suspected of having colluded with the nine electric firms in the bid-rigging by giving them notice about the planned projects and their projected costs.

Nakamoto, when interrogated in 1993 as a witness in the corruption scandal involving major contractors, indirectly admitted that fixing prices is quite common for public works projects.

At the time he was quoted as saying "I think that many contractors discuss prices for public works put up for tender by the agency before entering their bids."

However, when the FTC lodged its accusations with prosecutors in March, Nakamoto played down his earlier testimony as "made only in an effort to compromise with the investigation," and denied any agency involvement in the bid-rigging.

Nakamoto worked at the Construction Ministry from 1956 and joined the agency's board of directors in 1988 to become its head in April 1993.

MOF To Raise Liquor Tax To Avert EU Suit

*OW0805110395 Tokyo YOMIURI SHIMBUN
in Japanese 7 May 95 Morning Edition p 1*

[FBIS Translated Text] On 6 May, the Ministry of Finance [MOF] decided to raise the liquor tax on shochu, a low-grade distilled spirit popular among the general public. A revision bill to the Liquor Tax Law is expected to be submitted to the fall session of the Diet, seeking implementation of the tax increase in April 1996. Regarding the tax rate on shochu, the European Union (EU) insists "the liquor tax on whiskey is much higher than that on shochu, the great tax differential on distilled spirits is nothing more than a trade barrier." The EU has threatened to file a complaint with the World Trade Organization (WTO) over the high whiskey tax. The main objective of the shochu tax hike is to avert international criticism by narrowing the tax gap. Earlier, MOF decided to raise the tax on beer-like sparkling alcoholic beverages brewed from malt. Increased tax on these low-priced "public spirits" is likely to shock "tipplers."

The current tax per liter on patent-still shochu (50 proof) is 155.7 yen and on pot-still shochu (50 proof) is 102.1 yen, compared with the tax on whiskey (80 proof) of 982.3 yen per liter.

In the tax rate per proof, the tax on whiskey is still 3.9 times more than that on patent-still shochu and six times that on pot-still shochu. MOF intends to narrow the maximum gap to about four times on both types of shochu by raising the shochu tax by about 40 yen per liter. The shochu tax increase is expected to increase tax revenue by more than 25 billion yen a year.

In 1987, GATT, the former body of the WTO, judged that Japan's liquor tax system "discriminates against imported whiskey and other distilled liquor by giving preferential treatment to shochu." In response, Japan raised the tax on shochu, narrowing the tax gap between whiskey and shochu to the current level in fiscal 1994. Before the move, the tax on whiskey was 15.5 times higher than that on shochu.

Yet, the EU still blames Japan, saying "sluggish sales of imported whiskey in the Japanese market is due to the tax rate differential." The EU will file a complaint with the WTO over the liquor tax issue.

Commenting on the tax raise, MOF noted "we are seeking a reasonable tax burden for the prospective field, and this has nothing to do with the EU complaint" (as noted by a senior official of the MOF Tax Bureau). But in shochu manufacturers view, "MOF is trying to balance the tax gap raising the shochu tax because they do not want to cut the whiskey tax, and this is a concession to foreign pressures" (as noted by a major shochu distiller).

Tax Commission Eyes Corporate Tax Cut

OW0505220295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 3 May 95 Morning Edition p 3

[FBIS Translated Text] The government's Tax Commission will consider reducing the tax burden on corporations, mainly to sustain Japanese companies' international competitiveness and to prevent the further hollowing out of domestic industries. At the same time, in a bid to minimize the decrease in tax revenue, the panel will discuss plans to tighten taxes on corporations which claim that they suffer losses, and to expand the range of corporate tax. However, the proposal to impose taxes on deficit-ridden companies is likely to face strong opposition. The commission must jump many hurdles in the future.

The main reason for the tax panel to review the corporate tax is that the tax burden on Japanese corporations is relatively high compared to other major industrialized countries and Asian nations. Japan's effective tax rate (a real rate including local taxes), which reaches nearly 50 percent, is not only higher than other rates of the Asian region, but is also higher than those of the United States and European countries. This is one

of the reasons for the decline in Japanese companies' competitiveness and the shift of their production sites to foreign countries. Although many preferential treatments regarding investments in equipment and facilities profit heavy industry, they do not necessarily fit changes in the industrial structure.

In the era of "mega-competition," foreign countries are trying to lighten corporations' tax burdens to maintain companies' competitiveness. Among industrialized nations, Germany aims to sharply reduce the local duty "corporate operation tax" (whose average rate is 15 percent) to ease companies' burdens. Germany's effective tax rate is as high as that of Japan. However, if the corporate operation tax is lowered, the effective tax rate will also decrease. As the Japanese Ministry of Finance [MOF] pays attention to Germany's reform, its attempt would also influence the panel's deliberations.

The issue of relaxing corporations' tax burdens is also one of the focal points in the presidential election in France. In the United States, it is said that the Reagan administration's decision to cut the corporate tax rate contributed to developing venture businesses.

Asian countries are more positive about the corporate tax reduction than other industrialized countries. The basic corporate tax rate in Hong Kong is 21 percentage points lower than that of Japan. Many nations and regions allow tax exemptions and abatements with time limits to foreign companies which invest funds in them. It is said that this is one of the reasons for the hollowing out of Japanese domestic industries.

While thinking that "It is not fair to attribute the hollowing out to a difference in tax rates alone," the MOF is leaning toward an opinion that reducing the corporate tax burden to the international level is required to maintain Japanese companies' competitiveness for a long period of time. The ruling parties' tax reform council also favors lightening the corporations' tax burden. In line with the yen's surge, a demand for the early relaxation is likely to grow.

Many taxation experts said, "Efforts should be made to implement drastic reform in light of changes in the industrial structure." The process industry profits from many special and additional depreciation treatments, which are permitted based on the special taxation measures. Some experts have pointed out that after scaling down the present depreciation system, the government should sharply reduce the basic tax rates to develop service-oriented industries.

Opposition From Deficit-Ridden Corporations Is Inevitable

The Tax Commission intends to lower the corporate tax rate in exchange for taking measures aimed at preventing tax evasion and expanding taxation subjects. In implementing its plan, justifying the taxation of deficit-ridden corporations is the most crucial task. The government and the ruling parties have agreed that "tightening taxation on deficit-ridden companies is necessary." However, the industrial circles are certain to oppose the proposal because the number of deficit-tortured firms is likely to increase due to the yen's recent appreciation. At the same time, in discussing ways to ease the corporations' tax burden, there is a possibility that a conflict will arise between the MOF and the Ministry of Home Affairs [MHA] over the question of which taxes they should reduce the most, the corporate tax (national tax), or the local tax, such as the corporate operation tax.

According to the National Tax Administration Agency, 59 percent of corporations claimed they suffered deficits in FY93. Introducing the "objective assessment" system [gaikei hyojun kazei] is one way to justify taxation of the deficit-ridden companies. In the case of the corporate operation tax, the standard of tax assessment for business income will change to cover employees' salaries and interest on business income. As for the corporate tax, there is a possibility that some items, such as reserves, will not be treated as deductible items so that it will be difficult for the corporations to make their account balance fall into the red.

However, both the government and ruling parties hesitate to propose a plan to strengthen the taxation of deficit-ridden companies because corporations' income has been severely affected by the yen's recent rise. The MHA is also skeptical toward the early introduction of the objective assessment system. In a bid to make up for a drop in the revenue resulting from the corporate tax cut, the concerned organs are studying plans to raise the tax rate on public service corporations, and to scrap some special taxation measures for the corporations. However, opposition from the organizations concerned is inevitable.

Under such circumstances, a skirmish has already arisen between the MOF and MHA over the question of which taxes they should reduce, the corporate tax or the local taxes, such as the corporate operation tax. While showing a positive attitude about reviewing the corporate tax, the MOF, in its real intention, wants to urge that the burden of the corporate operation tax is heavy. In response, the MHA refuted: "Companies pay the operation tax for the administrative services

they receive. It is not fair to discuss the operation tax together with the corporate tax, which is levied according to the amount of income." Thus, the MHA urges that it is impossible for the MHA to lower the corporate operation tax rate unless the objective assessment system is introduced.

Experts Debate Future of Economy

OW0905130695

[FBIS Editorial Report] Tokyo Asahi Newstar Television Network in Japanese at 1100 GMT on 7 May, during its "Sunday Project" program, carries a recorded, 41-minute discussion on the future of the Japanese economy. Taking part in the discussion are Haruo Shimada, a professor at Keio University; Kenji Mizutani, director of Tokai Research and Consulting Inc.; Richard Koo, a chief researcher at Nomura Research Institute; and Takanori Mizuno, an international finance economist. Political commentator Soichiro Tahara moderates.

The discussion begins with Tahara viewing factors affecting the Japanese economy's future, such as the great Hanshin earthquake, the banking system crisis, the yen's appreciation, and the collapse of the recent Japan-U.S. auto talks. Tahara then asks participants what they think of the current state of the Japanese economy. Shimada says: "The economy is very sick," citing structural problems, a worsening infrastructure that supports Japanese industries, and a faltering banking system. He then urges the government to take appropriate measures to improve the economic situation. Koo agrees with Shimada, saying: "Unless the government does something to stem the yen's appreciation and change the current economic structure, major Japanese industries will shift their production bases overseas." Mizutani says the economy is not in the worst state and notes that just government efforts will not be enough to improve the economic situation. He expects the general public to make efforts for economic upturns, stressing: "If each Japanese is resolved to make efforts, the economy will turn upwards." Mizuno says the current economic state is similar to that just after World War II, noting the need for Japan to reconstruct all systems the same way it did after the war. He then says: "Taking into consideration domestic and foreign issues, I think there is still a high possibility that the Japanese economy will move upwards."

Tahara next asks them who has caused the appreciation of the yen against the dollar. Mizutani and Mizuno say the United States is to blame for the stronger yen while Shimada and Koo insist Japan is. Countering Mizuno's opinion that it is the Clinton administration's and the Federal Reserve Board's (FRB) policy to allow the yen's appreciation, Koo says: "Since the inauguration of the Clinton government, the United States has adopted

policies to halt the yen's rise." He then asserts that Japan's huge trade surplus is a fundamental cause for the yen's appreciation. Mizuno counters: "Former U.S. Governments adopted policies to defend the dollar when the dollar depreciated against other currencies. The FRB also adopted such policies. The Clinton administration is the first U.S. Government that has done nothing to stem the dollar's plunge. This time, the FRB also has made no efforts to stop the dollar's decline." Asked why he thinks the Clinton administration and the FRB have not adopted policies to stop the dollar's drop, Mizuno notes the weak dollar is favorable for the United States to prevent the domestic economy from turning downwards and boost the international competitiveness of U.S. industries. He also cites the 1996 presidential election, before which he says President Clinton would not do anything that might worsen the economic situation, such as raising a key lending rate. Shimada says although the yen's appreciation was triggered by various U.S. policies that caused dollar-selling moves, Japan's huge trade surplus is behind the strong yen-weak dollar trend. He criticizes the government for doing nothing to change Japan's economic structure.

In answering a question about future yen-dollar rates, Mizuno says: "If no measures are taken, the dollar may drop to the 50-yen level." Shimada notes the possibility of the yen depreciating against the dollar in the mid-term. Citing the rupture of the recent Japan-U.S. auto talks, Koo predicts the yen will mark new record highs. Mizutani says it would be very shocking if the dollar drops below the 70 yen level.

They next discuss whether the strong yen is advantageous or disadvantageous to the Japanese economy. Mizutani and Mizuno think the strong yen is advantageous while Shimada and Koo assert it is disadvantageous. Mizutani says the strong yen is disadvantageous to business activities in the short term but advantageous in the long term. He then notes the need for Japanese industries to endure present difficulties so they will be able to gain pluses from the strong yen in the long run. Mizuno explains a possible phenomenon in which the strong yen will facilitate the advancement of Japanese industries into other Asian countries, create more jobs there, promote Asia's economic growth, and necessitate other Asian countries to import capital and investments goods from Japan. After hearing this, Koo says: "I agree that Japanese industries are safe. However, that does not mean the Japanese economy is also safe," noting negative effects of the strong yen on the national economy and companies that cannot make inroads into other countries. Shimada claims that other Asian countries will eventually create capital goods on their own and the hollowing-out of Japanese industry will actu-

ally occur. To prevent this, he urges the government to further promote market liberalization and deregulation to realize free competition, which he says will make Japanese industries competitive, and to develop new industries to create more jobs.

In the end, Tahara seeks participants' views on the present coalition government. Citing the collapse of the recent auto talks with Washington, Koo says the government should have exercised leadership and urged domestic car makers to buy more U.S.-made parts in a bid to reduce Japan's trade surplus. Meanwhile, Mizutani notes that the government is not almighty, saying: "Government duties should be limited to such things as defending the nation and maintaining public peace and order. You should not expect much from the government in the economic field."

Murayama on Imported Houses, High Yen Effect

OW1005074995 Tokyo KYODO in English
0719 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Prime Minister Tomiichi Murayama visited a Yokohama exhibition of imported houses Wednesday [10 May] to study how the government should promote imports and help lower prices of imported goods so that the strong yen can benefit Japanese consumers.

Murayama looked at a model house and appeared surprised when he learned the low prices of imported furniture compared with Japanese ones.

When an exhibition official told him that only Japan-made gas and tap water facilities can be used in the country due to safety and sanitary regulations, he said that is "not open."

After visiting the exhibition site, the prime minister told reporters that the observation would help him in mulling over what efforts the government should make for deregulation and the reduction of Japan's huge trade surplus with the United States and other countries.

Murayama initially planned to observe a hamburger shop and a large shopping center selling imported goods as well, but the visits were canceled because of an emergency meeting with senior members of his Social Democratic Party [Social Democratic Party of Japan].

BOJ Chief Denies Plan To Rescue Hyogo Bank

OW1005091395 Tokyo KYODO in English
0807 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Financial authorities have not settled on any plan to rescue the debt-saddled Hyogo Bank, central bank chief Yasuo Matsushita said Wednesday [10 May].

Denying reports that a plan is in place, the Bank of Japan (BOJ) governor declined further direct comment on the issue at a regular news conference.

Matsushita said the central bank and other authorities are making efforts to avoid incidents such as a rumor-spawned run on a Northern Japan financial institution, but said it is "very difficult" to counter rumors and made no other indication that authorities are ready to act quickly on a spate of troubled financial institutions.

On the economy, he said there has been no change since he cut the official discount rate last month but said the effect of the rate cut are spreading steadily through market and bank lending rates.

Matsushita expressed hope for economy-supporting effects from the cut in the discount rate to a record low 1.00 percent that he made in mid-April along with a government yen-curbing package, justifying it at the time by saying Japan's recovery was slowing markedly and risks of a setback were growing.

The Tokyo stock market's recent modest recovery reflects the market's growing appreciation of the credit easing, he said, and added he will continue closely monitoring the economy, prices and interest rates.

The central bank governor repeated his concern that the soaring yen has exceeded economic fundamentals, saying it is the work of speculators in the market and stressed the value of a recent call from financial leaders of the Group of Seven (G-7) nations for an "orderly reversal" of recent currency moves.

Noting that the G-7 communique, which Japanese leaders have hailed as "epoch-making," represented the agreement of all seven countries, Matsushita denied reports of disarray within the G-7.

Japan was unable to convince the United States to raise interest rates to boost the dollar and curb the yen but managed to get the word "reversal" into the statement.

Matsushita repeated his hope that the Tokyo metropolitan government will participate in the rescue of two failed credit unions "as quickly as possible," despite opposition from new Tokyo Gov. Yukio Aoshima.

Matsushita repeatedly declined comment on individual financial institutions, such as Hyogo Bank and Noshiro Shinkin Bank in Akita Prefecture that depositors stormed last week, withdrawing 2.5 billion yen on a report that the BOJ and finance ministry were considering letting the credit association liquidate.

On the two failed credit unions, Matsushita vowed that the authorities would "pursue the issue of management responsibility," hours after prosecutors and police raided

facilities related to the credit unions and their former leaders.

The two, Tokyo Kyowa Credit Association and Anzen Credit Bank, are being resuscitated as Tokyo Kyodou Bank in a rescue plan orchestrated by the BOJ and the ministry in which the metropolitan government originally pledged to support with 30 billion yen in low-interest loans.

But Aoshima was later elected, vowing to scrap Tokyo's participation as the credit unions' reckless management and its leader's ties with politicians and bureaucrats have surfaced.

Hyogo Bank has been the subject of various rescue reports, with finance ministry and BOJ sources telling KYODO NEWS SERVICE recently they are considering various ways to bail out the bank, which with 10 nonbank affiliates is reportedly saddled with 700-800 billion yen in bad loans.

Matsushita also praised as "the best decision" Japan's refusal to agree to U.S. demands in auto trade talks that Japanese automakers boost purchases of foreign auto parts.

The yen has not surged in the wake of Friday's breakdown in bilateral trade framework talks on the issue, he said, playing down any link between bilateral trade talks and currency rates.

'Over 60' Raided on Failed Credit Union Link

*OW1005083295 Tokyo KYODO in English
0813 GMT 10 May 95*

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Prosecutors and police Wednesday [10 May] launched raids at over 60 offices and other locations linked to alleged illegal loans extended by two scandal-tainted failed credit unions.

Among places searched by members of the Tokyo District Public Prosecutors Office and Metropolitan Police Department were homes of the former heads of the credit unions in a bid to find evidence of alleged breach of trust.

The raids, expected to last several days, could include firms run by relatives of former labor minister Toshio Yamaguchi, signal that the initial bad-loan scam is developing in a major financial scandal implicating politicians.

Chief Cabinet Secretary Kozo Igarashi told a news conference "we want a strict investigation" should politicians be involved.

He said the government hopes that the raids "bring full clarification" of the scandal and said the credit unions' bailout cannot be helped to protect the interests of depositors and to maintain the financial order.

In February, the now defunct credit unions filed complaints with prosecutors and police against Harunori Takahashi, former head of Tokyo Kyowa Credit Association, and Shinsuke Suzuki, former chief of Anzen Credit Bank, accusing the two men of granting illegal loans without sufficient collateral.

According to the Tokyo metropolitan government which supervises the credit unions, the two institutions are saddled with 110 billion yen in unrecoverable loans.

Joint raids of companies linked to alleged illegal loans extended by two scandal-tainted credit unions will likely also include companies run by relatives of former labor minister Yamaguchi, investigation sources said.

Investigators were focusing their interrogations and analysis of confiscated material on the mostly unrecoverable 6.5 billion yen the two unions provided to companies connected with Yamaguchi, the sources said.

Wednesday's raids concentrated on the group of companies headed by Takahashi and Suzuki. Police also searched some 40 other locations connected to financial institutions that are suspected of having supported the credit unions' dubious loans by depositing funds with them that were actually used for third companies. Such transactions were prohibited in 1957.

Investigators are also substantiating allegations of breach of trust for a Tokyo-based tourism development business and a golf course developer based in Oita Prefecture on Kyushu Main Island.

Following a first 1.55 billion yen investment in July 1993, Anzen Credit Bank had provided a total of 7.3 billion yen to the dormant tourism business by last November, according to the Tokyo metropolitan government.

Most of the funds were diverted to companies run by Takahashi, who allegedly used the money to pay back personal debts.

In June last year, Anzen Credit Bank also provided 8.7 billion yen to a golf course developer, which was found to have not even obtained a permit from Oita Prefecture to develop a golf course.

Investigators are especially focusing on loans granted after July 1993 when the bank that had been backing Takahashi's companies, the Long-Term Credit Bank of Japan Ltd., pulled out of the group's management.

Suspicion is reportedly strong that the loans were arranged by Takahashi to escape responsibility for bad company results in a breach of trust.

When testifying in the Diet, both Takahashi and Suzuki denied allegations of breach of trust, arguing all loans had been extended upon instruction from the Long-Term Credit Bank of Japan and the metropolitan government.

Asked for comment, Takahashi told KYODO NEWS SERVICE that the loans "were sufficiently secured. A breach of trust is impossible."

The operations of Tokyo Kyowa and Anzen were taken over by Tokyo Kyodou Bank in March under a bailout plan mapped out by the Bank of Japan, the Tokyo metropolitan government and private banks.

The Finance Ministry, which orchestrated the relief measures took Wednesday's raids coolly. "The criminal case and the bailout are two different issues," a senior ministry official said.

MOF Releases Securities Investment Figures

OW0905085095 Tokyo KYODO in English
0829 GMT 9 May 95

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The following is a table of the balance of securities investments in millions of dollars for Fiscal 1994 and March 1995, released Tuesday [9 May] by the Finance Ministry [MOF].

Foreign investments in Japan in FY 94			
	purchase	sales	net
stocks	179,114	163,385	15,729
bonds	148,741	141,204	7,537
total	—	—	23,267
Japanese investments abroad in FY 94			
	purchase	sales	net
stocks	52,543	43,491	9,052
bonds	947,474	871,612	75,862
total	—	—	84,914
foreign investments in Japan in March, 1995			
stocks	15,300	11,658	3,642
bonds	25,822	17,942	7,880
total	—	—	11,522
Japanese investments abroad			
stocks	5,233	7,511	-2,278

Foreign investments in Japan in FY 94			
bonds	94,128	94,674	-546
total	—	—	-2,824

note: 1. Bond investments exclude short-term securities. 2. The figures are different from those based on the balance of payments.

Cabinet Approves Outline of Extra Budget

OW1005102095 Tokyo KYODO in English
0855 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Prime Minister Tomiichi Murayama's cabinet approved Wednesday [10 May] the outline of a 2,726.1 billion yen supplementary budget for fiscal 1995 as part of the recently adopted emergency yen-curbing economic package.

The cabinet is scheduled to make a final decision next Monday on the first extra budget for the year, which will be then immediately submitted to the Diet, finance ministry officials said.

The extra budget features 1,429.3 billion yen outlays to rehabilitate areas devastated by the Jan. 17 Kobe earthquake, 790 billion yen for improvement of the nation's natural disaster-prevention systems and 452.4 billion yen for measures to cope with the yen's appreciation as well as to consolidate and reform the domestic economic infrastructure.

To finance these expenditures and to make up for a tax revenue shortage, government bonds worth 2,826 billion yen will be issued — 2,262.2 billion yen worth of construction bonds and 563.8 billion yen worth of deficit-covering bonds.

As a result, the balance of outstanding public bonds is expected to reach 216 trillion yen at the end of fiscal 1995, which began April 1, with the bond dependency ratio or the percentage of bond issues to total revenues standing at 20.9 percent, up from the initial estimate of 17.7 percent, the officials said.

The government and ruling coalition parties plan to complete parliamentary procedures to enact the legislation for the budget May 19, government sources said.

Of the 1.4 trillion yen for reconstruction of quake-hit areas, about 50 billion yen is earmarked for temporary housing, 128 billion yen for clearing of debris and 1.08 trillion yen for the restoration of port, road and other public facilities.

Counting the 1,022.3 billion yen allocated in the second supplementary budget for fiscal 1994, this means

that 2,451.6 billion yen is set aside for quake-related measures, officials said.

The 790 billion yen allocated for natural-disaster countermeasures nationwide includes sums for improving quake information systems, purchase of three helicopters and reinforcement of public facilities such as elevated highways, based on lessons from the massive earthquake in Western Japan, the officials said.

As high-yen countermeasures, 70.3 billion yen is earmarked for easy-term loans for small companies hit hard by the yen's steep appreciation and 58.8 billion yen for promotion of imports, including establishment of exhibition halls for imported cars, car parts and housing.

To encourage reforms of economic and industrial structures, 320.5 billion yen is disbursed for promotion of scientific technology and information communication.

The extra budget also features outlays of 33.8 billion yen to strengthen police investigations into the March 20 sarin gas attack on the Tokyo subway system and related matters.

Tax revenues fall by 138 billion yen mainly due to special corporate tax reductions for quake-hit companies.

With the extra budget implemented, projects worth 3.7 trillion yen can be carried out and 3.3 trillion yen in loans extended, the officials said.

Besides the extra budget, the cabinet also approved additional disbursement of 553.5 billion yen for the investment and loan program operated by government-funded corporations.

The spending consists of 542.6 billion yen for the reconstruction of quake-devastated regions and 10.9 billion yen for disaster-prevention measures.

DA Plans New Helicopter 'Airmobile Brigades'

OW0905094895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 8 Apr 95 Morning Edition p 2

[FBIS Translated Text] The Defense Agency [DA] has started studying Self-Defense Forces reorganization as part of its program to review the defense system following the end of the Cold War. In its reorganization program, it plans to disband some of the existing 13 Ground Self-Defense Forces [GSDF] divisions and to establish several brigades, such as "airmobile brigades" that will have a large number of helicopters, to deal with GSDF personnel cutbacks as well as the various dangers in the post-Cold War era, such as terrorism and armed refugees coming into the country. The "airmobile brigades," the key project in the reorganization plan, is

expected not only to perform its "inherent duty" of "national defense," but also to function as reinforcement-rescue missions in emergencies like a big earthquake.

The DA is currently reviewing the "National Defense Program Outlines," which has been the guideline for Japan's defense systems for as long as 20 years. So far, the agency decided to reduce the number of GSDF personnel from the present 180,000 to around 150,000 active forces.

In its planned "GSDF structure with 150,000 personnel," the DA has drawn up the following draft plans: 1) partially disbanding the existing 13 divisions (of two different types: one composed of about 9,000 personnel, and the other of about 7,000); 2) setting up several brigades that are smaller than divisions in scale (each comprising about 5,000 personnel), following the disbandment of some divisions; and 3) internal coordination to build a basic structure of "10 divisions and three brigades."

The core of the "airmobile brigade," the main feature of the brigades that will be set up, will be a large number of transport helicopters. Helicopters can be promptly dispatched to every corner of the country in an emergency or disaster. Other than the divisions located nationwide, the GSDF currently keeps an airborne force in the eastern army to enable it to strategically harass an imaginary foreign enemy from the rear. The new "airmobile brigades" will be capable of functioning as "reinforcements" for units at the front lines in case of emergency, and also in massive helicopter transport missions that can transport personnel and materials in large quantities to the disaster site in case of major disasters like the Hanshin earthquake.

The DA thinks that setting up the "airmobile brigades" will help prevent a decline in combat capability after personnel cutbacks, and make it possible to promptly deal with increasing demand for rescue missions in case of disaster. However, since a massive purchase of helicopters will require enormous additional expenses, twists and turns are anticipated before the plan is finally realized.

Murayama Asks LDP Help on No-War Resolution

OW0705122095 Tokyo KYODO in English
1207 GMT 7 May 95

[FBIS Transcribed Text] Tokyo, May 7 KYODO — Prime Minister Tomiichi Murayama called Sunday for help from the Liberal Democratic Party (LDP) to pass a proposed no-war resolution through the Diet marking the 50th anniversary of the end of World War II.

Murayama filed the request in a meeting with Yoshiro Mori, secretary general of the LDP, the largest of the three parties making up the ruling coalition, party officials said.

"Doing nothing cannot not be allowed. It's important for Japan to demonstrate its determination for peace and contribute to the international community, and now is the time as the 50th year since the war," Mori was quoted as telling Murayama.

The three parties — Murayama's Social Democratic Party [Social Democratic Party of Japan - SDPJ], the LDP and New Party Sakigake — agreed on a Diet resolution to mark the 50th anniversary of the war's end when they formed the tripartite coalition last June.

But they remain at odds over what to say, with the SDP in favor of including an apology to Asian people for Japanese wartime atrocities and whereas a group of conservative LDP members opposes the idea.

Noting that the LDP is in agreement to support the tripartite coalition, Mori assured Murayama that he can be confident about LDP support for the resolution.

On other topics, Murayama reiterated that he has no plans to reshuffle the cabinet in view of the urgent task of dealing with the strong yen and enhancing public security in the wake of the March 20 poison gas attack on the Tokyo subway system.

Mori said that a cabinet reshuffle customarily takes place once a year, but noted that it is up to the prime minister to decide what to do about it.

Coalition Parties Back Idea

OW0805045595 Tokyo KYODO in English
0444 GMT 8 May 95

[FBIS Transcribed Text] Tokyo, May 8 KYODO — Heads of the three ruling parties confirmed their stand Monday [8 May] that the Diet should adopt a no-war resolution during the current session ending June 18, coalition officials said.

Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party (SDP) [of Japan], Foreign Minister Yohei Kono, president of the Liberal Democratic Party (LDP), and Finance Minister Masayoshi Takemura, head of New Party Sakigake, met at noon at the premier's official residence.

The three leaders, who exchanged opinions on the proposed resolution and other political matters, will meet again later in the day to further discuss the current political situation, the officials said.

The three parties, which established the coalition last June, agreed at that time to pass a no-war resolution commemorating the 50th anniversary this year of the end of World War II. It is designed to express Japan's determination never to wage war again.

The SDP is pushing for the passage of such a resolution, but a number of LDP members have set up a forum to oppose it. The LDP is backed by a nationwide organization of bereaved families of the war dead that opposes everything blaming Japan for the war.

During the meeting, the coalition leaders also confirmed that the ruling parties would cooperate in dealing with the failed auto trade talks with the United States, they said.

The officials said the leaders did not discuss whether or not Murayama should reshuffle his cabinet in the near future.

Some LDP members have said Murayama should reshuffle his cabinet soon, but the premier is negative about a reshuffle before the election of the House of Councillors in July.

LDP's Murakami in Opposition

OW0905114995 Tokyo KYODO in English
1122 GMT 9 May 95

[FBIS Transcribed Text] Tokyo, May 9 KYODO — A senior member of the ruling coalition's Liberal Democratic Party (LDP) on Tuesday [9 May] criticized Prime Minister Tomiichi Murayama's request for Diet passage of a no-war resolution to mark the 50th anniversary of the end of World War II.

"This is something that should not be touched by the administration or the government," Masakuni Murakami, secretary general of LDP members of the House of Councillors, told a news conference.

Murakami tweaked the Prime Minister for his comments Monday evening made to leaders of the three parties of the ruling coalition, urging "deep remorse for the colonial policies and aggressive behavior of the past."

Murakami said, "the issues of no-war and compensation have already been dropped as a topic" for a tripartite project team.

"If words such as 'invasion' and 'colonial' are included in a resolution, (Japan) is being forced to express remorse unilaterally, and since it would condemn history, this is something that will not be included" in a Diet resolution, Murakami said.

Murayama has been seeking the help of the LDP to pass the proposed resolution vowing that Japan will never again wage war, but the LDP, Murayama's Social

Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] and new party Sakigake differ over what the resolution will say.

The SDP is in favor of including an apology to Asian people for Japanese wartime atrocities, but a group of conservative LDP members opposes the idea.

Hashimoto Strong Candidate for Prime Minister

952B0155A Tokyo SANDE MAINICHI in Japanese
9 Apr 95 pp 227-229

[Article by Taiichiro Kobayashi, SANDE MAINICHI reporter: "The Next Gambit of Former Prime Minister Takeshita Who Has Abandoned Prime Minister Murayama"]

[FBIS Translated Text] *Collusion among political parties has become a usual practice in Nagata-cho, but in local areas, too, the same practice is pervasive to a considerable degree. Among the people is a feeling of helplessness—a feeling that things are the same whomever they vote for. Is Prime Minister Murayama sensing the people's deep distrust in politics? And what will be the next ploy of former Prime Minister Takeshita who is framing a gambit in the penetralia of the political world?*

On 23 March, the day when the election of local governors, the first event in a series of unified local elections, was officially announced, Prime Minister Murayama stood in front of JR [Japan Railways] Shinjuku Station's eastside entrance, together with Foreign Minister Kono and Finance Minister Takemura. He was there to support a candidate in the election of Tokyo metropolitan governor, but his chance of making such an appearance in other prefectures is likely to be rather rare. This is because a prior agreement was made among the leaders of the three parties that stumping tours would be made only in those constituencies where the ruling three parties—the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger]—put up a joint candidate.

The ruling parties are to carry out what is called the "twisted election"—an election in which they are divided into friends and foes—in Hokkaido, Mie Prefecture, and Shimane Prefecture among 13 prefectures scheduled to change governors in the upcoming elections. A fierce fight is expected in each area, and the nerve center of the party may be burned if it butts in clumsily. Of course, it is unknown whether a supporting tour by Prime Minister Murayama, even if it is made, will increase the number of votes obtained. It seems certain that Prime Minister Murayama attaches greater importance to friendly relations with other ruling parties than victories of his own party, the SDPJ.

The LDP's executives, who are practically sustaining the prime minister, are like-minded in this regard. In his speech delivered in Tokyo on 8 March, the party's Policy Affairs Research Council Chairman Koichi Kato made the following remark on measures to take if the LDP regains the majority of seats in the next general elections: "Even if that happens, we still should go with Mr. Murayama. The LDP has not yet restored the people's trust, and the party will require two or three years to regain it."

Did he mean to say that his party owed the SDPJ for its return to power and so would not forget its indebtedness even when it could form a government singlehandedly? Or did he imply that there was no capable person who could work as prime minister within the LDP? Whichever he meant to say, he stressed a very humble position.

However, there can be no more nonsensical talk than this one. If the LDP wins a majority in the general elections, that means that the eligible voters want a prime minister from the LDP. Was he saying that he would like to install Mr. Murayama even against the will of the people?

A source (a leading member of Shinshintō [New Frontier Party]) says: "In short, Mr. Kato and his followers are thinking of using Mr. Murayama until he gets worn to rags and of obliterating the SDPJ from this world. Mr. Murayama, Construction Minister Nosaka, and General Affairs Agency Director General Yamaguchi already know this. But they are far advanced in years and have only a short time to live, and so they do not care a bit about the future of their party. This is indeed terrible."

However, as is widely known, a question mark has been put against Prime Minister Murayama's ability to take charge of the government due to his failure to cope with the Great Hanshin Earthquake and the fact that administrative reform, on which he staked the life of his cabinet, has been making no progress at all. The problem is the lack of a strong candidate in the post-Murayama race within the ruling camp and, in addition, the lack of enough power in the opposition Shinshintō to replace the ruling camp.

"To Put Up Mr. Hashimoto in Post-Murayama Race"

In his lecture given in Fukuoka City on 15 March, former LDP Secretary General Seiroku Kajiyama explained the present political situation quite accurately. He said: "I watched the Shinshintō closely. No wind was blowing around it, and the party did not even start its own engine. Because the Shinshintō did not, for example, send up its kite yet, alertness within the LDP disap-

peared, giving rise to a power struggle. When Mr. Takemura said that the LDP's internal strife made it difficult to pave the way for a post-Murayama regime, those members (LDP President and his followers) immediately moved to dampen his initiative. They also tried to join hands with YKK (Diet Affairs Committee Chairman Taku Yamasaki, former Posts and Telecommunications Minister Junichiro Koizumi, and Mr. Koichi Kato). They are actually making various moves in this direction. This is an annoying situation."

What is not mentioned in this remark, however, is a move within the former Obuchi faction including Mr. Kajiyama since the end of last year to push party vice president Keizo Obuchi as a strong candidate in the post-Murayama race. Sensing this move, Mr. Kono has formed an encircling net against Obuchi in cooperation with YKK. At the same time, he has been driving Finance Minister Takemura, who was an influential non-LDP candidate, into a tight corner by attacking the Finance Ministry on the consolidation and abolition of special public corporations and on the Tokyo Kyodo Bank issue.

That is not all. The criticism against the Finance Ministry also represents an attack on the entire former Keiseikai [Takeshita faction] which has large connections with the Finance Ministry. That is, the criticism is also an attack on not only the former Shinseitō [Japan Renewal Party] elements within the Shinshintō, but also former Prime Minister Takeshita, who is Mr. Obuchi's guardian and the boss of the finance zoku. A leading former Miyazawa faction member makes the following remark: "Mr. Kono and his followers must punish Mr. Takeshita and his group because they spoiled the LDP. We fear the revival of former Keiseikai merged with part of Shinshintō. Therefore, we would like to nip the plot for Takeshita's rule in the bud before it is too late. This is the real intention."

Such being the case, the meeting between Shinshintō Secretary General Ichiro Ozawa and Mr. Obuchi in a Diet building on 9 February was enough to stupefy Mr. Kono and his followers with amazement. This is because the Murayama government will be blown away in a flash if the two forces, which have thus far moved as the nucleus of political restructuring since Keiseikai's disruption in 1992, join hands—though the meeting lasted only 25 minutes.

Mr. Obuchi and his associates say that the two forces' moves for closer relations are natural. However, they lower their heads and express doubt when it comes to the question of whether Ozawa and Takeshita will restore relations. They say: "Mr. Ozawa is reportedly saying that it is all right with him if the other side

he has to deal with is Mr. Obuchi. The two haven't been on bad terms since early times. However, Mr. Ozawa cannot engage in the waiting-with-patience kind of politics practiced by Mr. Takeshita, and so his political style might not mesh up with Mr. Takeshita's."

Then, what will Mr. Takeshita's view be on this issue? According to a person concerned with Shinshinto whom I contacted recently, Mr. Takeshita deplored the limitations of the Murayama government, particularly its incompetence in economic policies, and expressed his misgivings about the present situation. In September 1985, as finance minister of the Nakasone cabinet, Mr. Takeshita participated in a G-5 [Group of Five] meeting (meeting of finance ministers and central bank governors of five advanced countries) which discussed measures to remedy the weak yen and the strong dollar. The meeting reached an agreement to make a coordinated intervention in the exchange markets. This is the famous Plaza Accord. The same source said that as a person carrying such a performance record, Mr. Takeshita looked as if he couldn't stand watching the total lack of progress in measures against the strong yen under the Murayama government.

Moreover, as to political reform as well, Mr. Takeshita thinks that he took the initiative on that matter before he resigned as prime minister due to the Recruit scandal, and he is said to feel strongly the need for yet another political restructuring to induce political parties to compete with one another on the basis of policies and ideals now that the new election system has been established in the lower house. In short, he appears to be asking former Keiseikai elements in Shinshinto to restore relations.

Mr. Ozawa on the other side is negative about a political restructuring aimed simply at a large coalition with the LDP, saying that "it will render meaningless what we have done thus far to attain the two-party system." However, he also said that, "if those people agreeing to reform leave the LDP, we will welcome them," giving the impression that he was considering the possibility of restoring relations on condition that they would leave the LDP.

Not a few people also have the following view: "The time to start this gambit seems to be sometime after the upper house election through the fall, does it not? In this case, Mr. Hashimoto (International Trade and Industry Minister Hashimoto) is, after all, a highly likely candidate in the post-Murayama race. It is supposed that both Mr. Ozawa and Mr. Obuchi will not object in this respect" (a leading Shinshinto member).

Simultaneous Upper and Lower House Elections Are Also Possible

Now, if we can say that the LDP carries seeds of disruption, we can also say that the SDPJ's disruption is already a certainty. Former SDPJ Chairman Sadao Yamahana's group based on the support of the Japan Postal Workers' Union and the Japan Telecommunications Workers' Union called off its initial plan to start a new party due to the breakout of the 17 January Great Hanshin Earthquake. However, it still sticks to the policy of leaving the party immediately after the unified local elections (voting on 23 April) in which the SDPJ is expected to suffer a crushing defeat. The SDPJ Executive Committee intends to check the Yamahana group's move by holding a new-party founding convention before the Upper House election scheduled for July. However, at heart the committee seems to have given up hopes in this regard.

When the Yamahana group leaves the party, it will not immediately lead to the collapse of the Murayama government if the act involves 20 persons or so. However, it will undoubtedly drive already moribund Prime Minister Murayama into an even greater predicament. Even one of the three persons called YKK says in a resigned tone that "we may keep going, though with unsteady steps, until the upper house election, but nobody can tell what will come thereafter." In such a case, if Prime Minister Murayama chooses to dissolve the Diet instead of a general resignation of his cabinet, there also arises the possibility of the simultaneous upper and lower house elections.

SDPJ General Secretary Wataru Kubo referred to the possibility of a slightly changed version of the simultaneous elections after a meeting with union leaders at a hotel in Tokyo on 7 March. He said: "The same-day elections, that is, the elections in which votes are cast on the same day, are technically impossible; however, I think it possible to carry out the kind of simultaneous elections in which the upper house election is officially announced on 6 July (voting on 23 July) and the lower house election voting is conducted on 9 July." Many have a negative response to this remark within the SDPJ, saying: "Historically, the SDPJ has never won in simultaneous elections. Attention to Mr. Kubo has lessened these days, and so he seems to have made the remark simply to brace up party members" (a leading SDPJ member). However, voices are also heard from other parties such as the LDP and Shinshinto saying that "the possibility is 50-50" (a leading member of the former Mitsuzuka faction of the LDP).

Because of the issue of the two credit associations [controversy over a government-led bailout plan involv-

ing two failed credit associations—Tokyo Kyowa and Anzen], the Diet session before the unified local elections appears to have left in suspense such important political tasks as measures to cope with the Great Hanshin Earthquake, consolidate or abolish special public corporations, and deal with the strong-yen question. However, in the latter half of the Diet session, there will be a flood of important international tasks such as the burden to be shared in assisting North Korea with light-water reactors, the issue of dispatching a PKF [peacekeeping forces] unit to the Golan Heights, and the Diet's no-war resolution.

Will Prime Minister Murayama, who is also chairman of the SDPJ, ever be able to make decisions on issues related to the Constitution and national security by holding down the LDP's resistance?

It is said that backstage negotiations have already begun within the SDPJ for reaching an understanding that, in case of defeats in the unified local elections and the upper house election, the responsibility will be borne by General Secretary Kubo, not by the prime minister. If this is true, it means that we have a politician who cannot protect even his own party as our prime minister. Will the people understand this?

Former MITI Official on Bureaucratic System
952B0154A Tokyo SHUKAN GENDAI in Japanese
1 Apr 95 pp 42-44

[Interview with Masahisa Naito by Makoto Sataka: "Bureaucrats Bound by Personal Gain and Jealousy Will Destroy Japan"; place and date not given; first three paragraphs are SHUKAN GENDAI introduction]

[FBIS Translated Text] **Wartime "Regulation and Control" Remain**

The "Naito incident in the Ministry of International Trade and Industry [MITI]" involves an incumbent minister who gave an unprecedented "advice to resign" to an influential bureaucrat.

The incident was essentially a "purge-Naito drama" filled with emotion and envy wherein an anti-Naito group used such tactics as disseminating mysterious documents to remove Naito on the eve of his appointment as administrative vice minister.

How does this former top bureaucrat who was thoroughly versed in the ins and outs of the bureaucratic system view the mounting criticism against the present system and bureaucrats? The following is an interview by commentator Makoto Sataka.

[Sataka] Mister Naito, as a private citizen, you are now traveling widely throughout Europe, the United States,

and Asia. Is there a large difference between Japan's bureaucratic system which you saw as a bureaucrat and the bureaucracy you now see as a private citizen?

[Naito] I have now been led to believe that the bureaucrats in general see only half of the world. Because they merely spend money without having to earn money themselves, they do not have to ask for money, generally speaking. People congregate around them and they receive information, but they can only see half of the world.

The information they receive is usually a cumulation of convenient data. Actually, there are plenty of muddy underlying facts.

Consequently, to exaggerate somewhat, I believe that the bureaucrats' knowledge of the world consists of only a fourth of the entire world.

Among those who live in the quarter-world are people who forgot their aspirations when they entered the bureaucracy. They gradually embraced an illusion that they are almighty and can do whatever they please. I have come to realize that this is a serious matter for Japan, based on my own self-reflection.

[Sataka] I am reminded by the present protrusion by the bureaucrats of the hawkish so-called "reformist bureaucrats" of prewar and wartime days. Under their regulatory control, Japan became isolated from the world and plunged into war. I cannot help but sense similar dangerous circumstances today.

[Naito] I feel that the present bureaucratic system is still strongly impacted by the system created by those "reformist bureaucrats." This is an extremely interesting and appealing system from the standpoint of the bureaucrats. Therefore, the residual aspects still remain although they have long become outdated.

[Sataka] Can you explain that by using some concrete examples?

[Naito] An example is the Oil Industry Act which was enacted in 1934. Under the war preparedness prior to World War II when the slogan was "a drop of oil equals a drop of blood," the act was drafted with an eye on regulated domestic sales of a limited oil supply.

The oil industry act was annulled after the war. However, in the late 1950's a modified Oil Industry Act patterned after the prewar law was enacted, resulting in a residual continuation. It was only seven years ago that it was revised in a form and direction applicable to market conditions.

There was also an incident involving two credit associations: Tokyo Kyowa and Anzen. They will reportedly

be salvaged by evoking Article 25 of the Bank of Japan Act. The act was passed in February 1942 and is a law conceived by the "reformist bureaucrats" under the war preparedness system.

[Sataka] Their position was that "there is no reason for us to be criticized. We have performed perfectly according to the law."

[Naito] A regulatory procedure means to give the bureaucrats complete authority. That is why they are imbued with a sense of power and feel that they have a mandate to make secret-chamber decisions among themselves, and that they are merely carrying out the law.

[Sataka] In addition to the outdated system, is it not true that the problem of the bureaucratic temperament is also extremely deep-rooted?

[Naito] In an extreme sense, until the 1941 entry class (into the government)—that is, until (Masaharu) Gotoda's generation—there was an overwhelming awareness of a mission to serve the state and the national interest. Since then, however, bureaucrats with such an awareness have gradually diminished and, after 1955, the interests of the ministry or agency were maintained above the national interest. Moreover, an increasing number of bureaucrats have given top priority to adept survival within the organization and pursuit of their personal interest.

Priority on National Interest Snubbed

[Sataka] Before and during the war, for better or worse, a function was in place to check administration to pursue the national interest. With that shackle removed after the war, only a posture of priority on the agency's interest and personal interest rose in importance.

[Naito] Generally speaking, the majority are serious-minded workers. Particularly the younger bureaucrats from assistant division directors to the mainstay division directors are predominantly pure in heart and unselfish. They have high aspirations.

However, by the time they become veteran division chiefs and counselors, more of them think only of self-preservation. They even distance themselves from those who, unlike themselves, uphold the national interest, and they attempt to oust them. It is similar to bullying.

[Sataka] They also become envious of those with good achievement records. There was (the late) Shigeru Sahashi—a former MITI vice minister—who was called a "unique" bureaucrat. Sahashi had an aspect of laying his career on the line if he thought it was in the national interest. Today, such a spirit is extremely rare.

[Naito] Soon after I entered the government ministry, Mr. Sahashi was attempting to submit a draft resolution to the Diet on the emergency measures act for the promotion of specific industries, and I was one of the lower-echelon members preparing the draft.

In those days, there were many people with links to Mr. Sahashi. When the emergency measures act failed in the Diet and a "postmortem party for the aborted act" was held after Sahashi's transfer as director of the Patent Agency was decided, none of the former followers approached him. He sat alone sipping sake.

Although I was low in the hierarchy, I was extremely upset, so I sat in front of him drinking by myself. At that moment, only the senior division director in the bureau (later vice minister) came up to him and apologized: "I am the one who submitted the concept for the emergency measures act and I am sorry."

I felt that the division chief was humane and had respect for Mr. Sahashi. However, the others who had catered to him in the past suddenly changed their colors and shamelessly approached the new executive. The scene remains strongly etched in my memory.

[Sataka] Bureaucrats have a trait of basically wagging their tails before authority, do they not?

[Naito] What I fear most is that, with the danger of Japan falling out of the world's mainstream, the administration is striving as usual to retain a system whereby it can take liberties within the framework of domestic orientation.

In the spring of 1994, I participated for several days in a seminar at Georgetown University in the United States with Americans and people from several Asian nations. I realized then that a global "distancing of Japan" was in progress. What I heard were only severely critical views such as "political leadership by Japan in Asia cannot be expected, much less economic leadership" or "rather than spending one's energy in Japan where market entry is difficult, it is more productive to use the same energy in other nations."

The trend is shifting from the past "Japan-bashing" to distancing Japan or "Japan-passing."

[Sataka] To be sure, the sense of Japan's presence in Asia is rapidly fading.

[Naito] It is partly because there is a problem with the decision-making mechanism of Japanese companies which decide everything from the bottom up. For example, in the case of investment in China, the executives of U.S. companies go there directly to stake out the situation with their own eyes. They first set up a venue at their own responsibility and then discuss

the points at issue. In Japan, however, subordinates first check out the points of issue, while the executives do not make a move until the details are worked out from the bottom up.

When they thus go over there belatedly, the conditions have overwhelmingly deteriorated. Compared to the top-to-bottom U.S. style, I believe that the Japanese companies overly depend on the bottom-to-top style.

[Sataka] Is the bottom-to-top method devised so that top management can avoid responsibility, and does it in effect place a limitation on the Japanese companies?

[Naito] Amid the present precarious circumstances, there are many matters which the administration must tend to.

The basics of what should be the relations between the companies and the administration, including corporate taxes, must be reappraised. By doing so, many new projects will surface.

Otherwise, Japan will be remonstrated for "always being on the defensive," saying "this will not do" or "that is unacceptable," and Japan will no longer be taken seriously by China which is an important investment market.

Showing No Trust Toward the People

[Sataka] Do you mean to say that both the bureaucrats and the companies in Japan are suffering from systemic fatigue?

[Naito] Regarding deregulation also, when debate arises between the agencies, the direction is to retain what was once created despite its outdatedness. There is an attitude among the bureaucrats that administration equals enforcement of the law, and that threatening the law—which is the premise for enforcement—with deregulation means to deny the role of the agencies. Consequently, although one may ask for deregulation based on 90 percent of logic, they will use 10 percent of rhetoric to obstinately refuse.

For example, I believe that it is necessary for every ministry and agency without exception to consider a reduction in the number of regulations by half in three years. When subsequently introducing necessary regulations, only those based on the policy of scrap-and-build will be approved. Based on this principle, the cabinet could create a deregulatory commission, devise a deregulation philosophy and retain only those which are really necessary. During the Sato cabinet, a policy of "cut back one bureau in each ministry" was implemented, and I believe it is an effective formula.

[Sataka] You stated before that only a quarter of the world was visible to the bureaucrats. Such bureaucrats imagine that they are powerful and simultaneously do not trust the people. Regarding the recent rescue of the two credit associations also, the belief that payoffs are inappropriate because they would result in credit anxiety stems from distrust of the people, true? Why should we people, who are distrusted, bear the burden according to a scheme concocted by the Finance Ministry?

[Naito] The recent problem concerning the two credit associations was apparently an extremely wild aberration. However, the maintenance of financial order is inherently important. Without financial order, Japan's overall economy would fall into chaos and be liable to major injury. In the United States also, \$156.6 billion from the national treasury was infused to save the savings and loans.

In Japan, however, at the stage prior to such a debate, the Finance Ministry stated that the board chairmen were to blame and demanded the names of the large-lot depositors, which resulted in an emotional debate. At the root of such circumstances lies the strong authority of the bureaucrats, their secret-chamber manipulations without open display of information, and their intervention in the private sector by utilizing regulations and exceeding the legal framework.

[Sataka] The first step is to clarify any collusions, is it not?

[Naito] If there was real collusion, strong self-reflection is necessary.

If the bureaucrats and the private sector continue to mutually show emotional distrust, Japan will be "passed up" in the meantime. It would be extremely foolish if Japan were to sink alone."

Post-Interview Comment

[Sataka] There is one thing Naito failed to mention. It is the fact that it was the "Ozawa faction bureaucrats"—who are very closely associated with Secretary General Ichiro Ozawa of Shinseito [New Frontier Party]—who ousted Naito and subsequently grabbed real power within MITI.

The Finance Ministry bureaucrats, whose collusion with Harunori Takahashi was inadvertently exposed by the two credit associations scandal, are the proteges of administrative Vice Minister Jiro Saito who is very close to Ichiro Ozawa.

[Box, p. 42]

Profile of Masahisa Naito—Born in 1938; 57 years of age. Following graduation from Tokyo University's law

faculty, entered MITI in 1961. After appointments to various key positions, became director of the Industrial Policy Bureau in 1993. Accused of favoritism toward the son of a former vice minister, he was urged to resign by the then MITI Minister Hiromichi Kumagai and quit. Subsequently, the intraministry factional strife came to light and demands were made to pursue the facts which involved some political circles. Presently serves as adviser to the Japan Energy Economic Research Institute.

Yamahana Formally Resigns From SDPJ

*OW1005073295 Tokyo KYODO in English
0702 GMT 10 May 95*

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Sadao Yamahana, former Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] chairman, formally resigned from the party Wednesday [10 May].

Yamahana handed in his resignation during a call on SDP Secretary General Wataru Kubo at the party's Tokyo headquarters. Yamahana has said he will remain an independent member of the House of Representatives for the time being.

On Tuesday, Yamahana said he would leave the party to take responsibility for the aborted attempt to create a new party before the July election of the House of Councillors.

An SDP group led by Yamahana was on the verge of taking the initial step toward quitting the SDP, headed by Prime Minister Tomiichi Murayama, in order to create a new "liberal and democratic" party when the Jan. 17 great Hanshin earthquake occurred and forced them to suspend the move.

His group, the New Democratic League, has since lost momentum and virtually collapsed amid the turmoil following the quake, which devastated the major port city of Kobe and surrounding areas.

Upper House Member Nozue Quits Shinshinto

*OW0805111395 Tokyo KYODO in English
1055 GMT 8 May 95*

[FBIS Transcribed Text] Tokyo, May 8 KYODO — TV personality- turned lawmaker Chimpei Nozue said Monday he has decided to leave the main opposition Shinshinto (New Frontier Party) and form his own party.

Nozue, 63, a House of Councillors member, told a press conference he will run in the upcoming upper house election as a member of the new party.

He said he decided to quit the largest opposition party because "a large party is like a big company" and his opinions have not been fully reflected in the party.

He said he will aim to set up a new party by the end of the month and put forward at least two candidates from the party, including himself, for the election slated for July, he said.

However, Nozue also showed a strong wish to occupy a seat in the the more powerful House of Representatives and said that he will run in a lower house election on the ticket of the new party should the next general election be held at the same time as the upper house poll. Nozue was first elected to the upper house in 1971 and formed the "Zeikinto" (Tax Party) in 1983.

However, he disbanded the party in 1990 and joined the Liberal Democratic Party (LDP). He quit the LDP in 1994 and became a member of Shinshinto, which was established in December through the merger of noncommunist forces.

Shinshinto members said they do not think Nozue will take any followers with him from the party because they regard his action as largely theatrical.

Defense Agency Protests Article on Aum Ties

*OW1005104695 Tokyo KYODO in English
0858 GMT 10 May 95*

[FBIS Transcribed Text] Tokyo, May 10 KYODO — The Defense Agency protested Wednesday [10 May] an article printed in a weekly magazine by a major publishing house claiming that two members of the Ground Self-Defense Force Chemical School are followers of a cult suspected of making nerve gas.

In a written protest lodged with Bungei Shunju Co., the agency said the article in the latest issue of weekly BUNSHUN is groundless and demanded the magazine carry a correction of what it says is a made-up story, an agency official said.

The weekly reported in its latest issue published Wednesday that two members of the GSDF chemical school are followers of Aum Shinrikyo, which is being investigated over its alleged production of sarin, the nerve gas used in the March 20 Tokyo subway gas attack.

"The staff cited in the article are not in the chemical institute, and there are no Aum Shinrikyo followers within the institute," the official said.

Aum Shinrikyo-Russia Link Alleged

*OW0605141795 Tokyo KYODO in English
1404 GMT 6 May 95*

[FBIS Transcribed Text] Tokyo, May 6 KYODO — Aum Shinrikyo guru Shoko Asahara and senior members of his religious cult shuttled between Japan and Russia over a six-month period from late 1993, when the sect allegedly began producing the lethal nerve gas sarin, according to travel data obtained by KYODO NEWS SERVICE.

Asahara and 35 leading sect figures traveled between the two countries a total of 69 times from November 1993 to April 1994, according to data on their entry to and departure from Japan.

It was from November 1993 that the secretive sect allegedly began increasing its purchases of chemicals, including all substances necessary to produce sarin, the noxious gas used in the March 20 attack on the Tokyo subway, which killed 12 people and made more than 5,000 sick.

In a series of raids on the sect's major complex in the village of Kamikuishiki at the foot of Mt. Fuji, police have confiscated a huge amount of chemicals, and found a chemical plant and laboratory there. The raids began two days after the Tokyo subway attack.

Police suspect the sect produced sarin at the complex as part of a murder plot and may have used it in the subway attack, investigation sources said.

According to the travel data, visits to Russia by senior Aum members sharply increased from November 1993. The members included key figures Kiyohide Hayakawa, 45, and Seiichi Endo, 34, both now under arrest, Yoshihiro Inoue, 25, who is on a police wanted list, and Hideo Murai, 36, who was stabbed to death by a professed rightwing activist last month in front of Aum's Tokyo headquarters.

Murai headed the sect's "science and technology ministry" and was believed to hold clues to the sect's suspected production of sarin. Endo was allegedly in charge of experiments suspected of being conducted to develop biological weapons.

Police are investigating the visits on suspicion that the sect dispatched such members in a bid to obtain military materials in Russia, investigation sources said.

Other than sarin production, Aum is suspected of producing weapons such as handguns, and police have confiscated parts used to make Russian guns, the sources said.

The sect also purchased a mil-17 helicopter which was built in the Tartar region of the Russian Federation and cost 78 million yen, Koki Ishii, a member of the Japanese House of Representatives, who has been investigating Aum activities in Russia, said Thursday.

Ishii said Russian authorities have been conducting a probe into the sect on suspicion it bribed a former top parliamentarian in connection with the purchase of the helicopter during this period.

He said the former Russian legislator, whose name was withheld, is suspected of receiving cash from the sect in return for helping it purchase the chopper.

Aum reportedly expanded its activities in Russia through contacts with top officials, including Oleg Lobov, secretary of the Security Council, and it claims to have 30,000 followers in Russia.

In April, a Moscow District Court banned Aum from engaging in activities in Russia following Japanese police raids on sect facilities.

Police, meanwhile, are continuing to search for sarin the sect allegedly produced and also to trace Asahara, who has been in hiding since the first raids.

North Korea

ROK, U.S. Warned About Joint Military Drill

*SK1005123995 Pyongyang Korean Central
Broadcasting Network in Korean
0855 GMT 10 May 95*

[Unattributed talk: "Reckless Racket of War Exercise Bringing Situation to Extreme Tension"]

[FBIS Translated Text] In collusion with the U.S. forces stationed in South Korea, since 8 May the South Korean puppets have been waging a joint military exercise, another war exercise for a northward invasion.

Mobilized in this war exercise are 8,000 U.S. soldiers and 4,500 South Korean puppet soldiers. While claiming this joint military exercise is being staged in place of the Team Spirit joint military exercise, which is presently in a state of temporary suspension, the South Korean war lovers are publicly clamoring that they are staging this exercise for the purpose of practicing the deployment of the U.S. Armed Forces to the Korean peninsula.

Along with outside forces, the South Korean puppets again reek of the smell of gunpowder from a war exercise. This suggests the rascals' maneuvers, which are aimed at opposing national reconciliation and unity and at bringing the situation on the Korean peninsula to the phase of war, have entered a very dangerous stage.

Moreover, there is no overlooking this joint military exercise in that it is a replica of the Team Spirit joint military exercise, a nuclear test war.

It has been known that since the Kim Yong-sam puppet clique begged outside forces to resume this year's Team Spirit joint military exercise, and since the Team Spirit exercise cannot be staged, the clique recently staged a war exercise of a northward invasion called a large joint military exercise of the Army, Navy, and Air Force, emphasizing offensive operations.

The South Korean puppets, who are running amok to do something to us by resorting to outside forces, are waging a war exercise of northward invasion, which is equivalent to the Team Spirit exercise, for the purpose of seeing the U.S. Armed Forces based in the continental United States and in the Pacific dispatched to the Korean peninsula under the pretext of preparing for a so-called emergency. This is very ominous.

In the previous period also, the South Korean puppets staged a farce of deploying troops and equipment of a unit of reinforcements along the front line in South Korea, and waged a series of various kinds of offensive operation exercises aimed at a northward invasion in collusion with outside forces.

The Kim Yong-sam traitorous clique is waging a second Team Spirit joint military exercise along with outside forces. This is a criminal act against peace, dialogue, reunification, and the nation, an act that openly negates peace and reunification.

As soon as he appeared and assumed power, the traitor Kim Yong-sam waged a nuclear war exercise against his compatriots. He is an atrocious war maniac who has instigated a fratricidal war by waging a series of war exercises that reek of the smell of gunpowder, changing his civilian clothes into the combat fatigues of the puppet Army.

The traitor Kim Yong-sam, who is hell bent on adhering to power, is recklessly running amok to achieve his ambition of a northward invasion, thereby trying to expand the colonial fascist rule established in South Korea unto the whole of Korea.

Through this joint military exercise, the Kim Yong-sam traitorous clique also seeks its criminal goal of laying an obstacle to the implementation of the DPRK-U.S. framework agreement by intentionally straining the situation on the Korean peninsula.

As the whole world knows, originally the enemies made public that they would not stage the Team Spirit joint military exercise in South Korea. Nonetheless, in recent days conservative hard-line forces in the United States

have clamored that the nuclear issue on the Korean peninsula will be referred to the United Nations in case this issue is not smoothly solved, and they will make a decision on whether to stage the Team Spirit exercise, depending upon the progress of the implementation of the DPRK-U.S. framework agreement. The South Korean puppets have chimed in with this.

At the moment, the Kim Yong-sam puppets in South Korea are waging a war exercise of northward invasion, which is just the same as the Team Spirit exercise, in collusion with the United States. This is an unpardonable criminal act which lays a grave obstacle to the implementation of the agreement by irritating us and intentionally straining the situation on the Korean peninsula.

If the United States believes it can bring us to its knees with military pressure, this is a great miscalculation.

The United States should not threaten us, but should act with discretion while pulling itself together.

If the South Korean puppets also try to frighten someone by waging a second and a third Team Spirit exercise and by playing with fire, this is also a silly act.

We are fully prepared to cope with the enemies' reckless war maneuvers.

If the rascals should launch an attack, our people, who are one in a single-hearted unity, and the officers and men of the heroic People's Army, will mete out punishment by the hundreds and thousands by rising up like mountains.

We warn the war lovers, who frantically run wild like a day-old puppy that does not know enough to fear the tiger, not to act recklessly but to act with discretion.

The war lovers should not act recklessly, and should immediately stop the reckless playing with fire.

U.S.-ROK Exercise 'Wanton Violation' of Accord

*SK1005055495 Pyongyang KCNA in English
0431 GMT 10 May 95*

["War Game Must Be Stopped" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The U.S. Forces and the South Korean puppet army reportedly started an adventurous joint military exercise against the DPRK on Monday.

The drill involves a large number of troops and latest-type military hardware.

This is a wanton violation of the framework agreement between the DPRK and the United States and is driving

the situation on the Korean peninsula to a phase of confrontation.

The bellicose elements can by no means justify themselves in staging the drill to replace the Team Spirit joint military maneuvers at a time when the Berlin negotiations on light water reactors have broken down and the destiny of the DPRK-U.S. framework agreement is at stake.

The United States is staging the drill while reiterating its "invariable position" to provide South Korean-model light water reactors to the DPRK. This is aimed at realising their brigandish design through military pressure on the DPRK.

The Kim Yong-sam group is resorting to war games and military provocations, openly criticising the Geneva accord as wrong from the start.

This reveals the sinister intention of the puppets to block the DPRK-U.S. talks, aggravate north-south confrontation and realise the wild ambition of "unification by prevailing over communism" by force of arms.

To answer fire with fire is the resolution and will of the Korean people.

In case a complicated situation is created on the Korean peninsula, the South Korean puppets will be the first target of a decisive blow and go to their doom.

The United States will get nothing good from military adventure and will be wholly to blame for its consequences.

The United States and the South Korean puppets must immediately stop the reckless war game, which brings the situation to the brink of war.

Talk on ROK-U.S. 'War Exercise', Reactors

SK1005055895 Pyongyang Korean Central Television Network in Korean 1142 GMT 9 May 95

[Unattributed talk]

[FBIS Translated Text] How are you?

As reported, the South Korean puppets started to hold a joint military exercise with the United States from 8 May. Eight thousand U.S. forces and 4,500 South Korean puppet forces are to be mobilized in this war exercise which is expected to last half a month.

The joint military exercise which the rascals are holding is an undisguised war exercise to invade us and a nuclear war exercise opposing us. This can be clearly seen from the fact that the United States and the South Korean puppets are openly babbling that this war exercise is being held in place of the Team Spirit joint military exercise which has been suspended.

The whole world knows that the Team Spirit joint military exercise was, through and through, a nuclear war exercise and a provocative war exercise consisting of a preemptive strike operation aimed at invading the North. The United States itself admitted to this when it voluntarily promised not to hold the Team Spirit joint military exercise in adopting the DPRK-U.S. agreed framework to guarantee peace and denuclearization of the Korean peninsula, in Geneva in October 1994. Nevertheless, before its mouth has had a chance to dry, the United States has openly stated that it will hold a military exercise with the South Korean puppets, which is another Team Spirit nuclear test war exercise, since it replaces the Team Spirit joint military exercise.

No further explanation is needed in seeing that this is an act which wholly runs counter to the DPRK-U.S. agreed framework, and it clearly shows that they do not want peace on the Korean peninsula, but instead are trying to aggravate the situation as much as possible so that they can launch a new aggressive war — a thermonuclear war — at any cost.

As everyone knows, South Korea's Kim Yong-sam puppet clique does not welcome the improvement in relations between the DPRK and the United States, and in talking about the so-called international cooperative system, sanctions, punishment, and so on is putting up barriers regarding this matter and running all the more amok in preparation for a war of invasion against the North.

Until recently, the rascals held mainly offensive, large-scale ground, sea, and air joint military exercises, and several days ago, held a war conspiracy among the so-called high-ranking commanders to plot a large-scale war exercise scheme to invade the North, which is to be held in October, mobilizing a 120,000-strong force of the puppet Army, Navy, and Air Force, which includes two Army corps.

On the other hand, the United States is coming forth with the issue of the South Korean-model light-water reactors which do not even exist in South Korea, and has been dragging on with this issue by repeating unreasonable stubbornness while creating artificial complications and barriers in implementing the DPRK-U.S. agreed framework. As revealed on this occasion, the situation has reached the extent of threatening someone militarily.

Nevertheless, the United States and the South Korean puppets must correctly look at reality and act with discretion. Implementating the DPRK-U.S. agreed framework is not a responsibility imposed on solely one side.

Sovereign rights are our nation's life. There is no need for us to be bound by some agreement at the price of having our sovereign rights infringed upon. We have already elucidated not once, but many times, that our principle position will not change at all.

Reporting on the unwavering, independent position of the government of our Republic, a foreign news agency commentary noted that if the United States continues to force Korea [choson] to accept things it cannot accept, the DPRK will proceed on its own, according to its will. We believe that these comments are related to the possibility of the North resuming its peaceful nuclear activities which are currently frozen.

In fact, if we say we will do something, we will, and if we say we won't, we won't. This is the temperament of our party, our government, and our people. This is not a threat. We have no intention of threatening someone and will not be surprised by someone's threat. Our consistent position is to answer dialogue with dialogue and war with war.

The warmongers who are intensely preoccupied with war fever should cool down and contemplate over this matter. If the rascals light the fuse of a new aggressive war in Korea regardless of repeated warnings at home and abroad, they will be burned to death by the fire they ignited themselves.

U.S. 'Arms Buildup' in South Korea Denounced

*SK1005023895 Pyongyang Korean Central
Broadcasting Network in Korean
1224 GMT 9 May 95*

[Yun Pyong-son commentary: "The Real Intention of the United States Has Not Changed"]

[FBIS Translated Text] According to a report, U.S. warmongers decided to deploy enough heavy combat equipment for a brigade of U.S. Forces in South Korea, to prepare for an emergency on the Korean peninsula.

It was learned that over 130 M1A1 tanks, M2 armored vehicles, and various other new types of military hardware are included among the equipment which is to be newly deployed in U.S. military bases in South Korea from mid-May to the end of August.

This is another alarming military move, and clearly shows that the real intention of the U.S. imperialist warmongers to stifle us with strength remains unchanged and that their maneuvers to stifle us are becoming more undisguised with each passing day.

As known, the U.S. imperialist warmongers have recently brought 20 multi-purpose high-speed mobile vehicles into South Korea under the pretext of the mod-

ernization of U.S. Forces in South Korea. They have decided to bring another 500 such vehicles in the future. In addition, they decided to introduce 150 Abrams tanks by May and 24 Apache offensive helicopters by the end of this year.

The United States openly raved that it will push ahead with the plan to improve fire power of M-1 tanks and with a three-phased plan for ultra-modernization of Patriot missiles which are aimed at the Korean peninsula.

Needless to say, the U.S. plan to newly deploy heavy combat equipment for one brigade into South Korea is part of the U.S. imperialist warmongers' undisguised arms buildup maneuvers which have been increasing lately.

Moreover, the timing of the announcement by the United States on the new arms buildup plan to coincide with the large-size northward joint nuclear war exercise that is to be frantically waged with the South Korean puppets as an alternative to the Team Spirit joint military exercise, should be taken seriously.

This clearly shows how the U.S. imperialist warmongers are deliberately maneuvering to drive the situation on the Korean peninsula to the brink of war.

Today, the United States is, in actuality, disregarding [sasilsang anjungedo opkko] the DPRK-U.S. framework agreement and its only ambition is to resolve the problem through strength.

It is the very real intention of the United States to nullify the DPRK-U.S. framework agreement and to ignite the flames of war on the Korean war at last.

However, the United States is making a miscalculation. It is a foolish illusion to attempt to gain something from us through military means, which can be described as miscalculated military pressure on a miscalculated target.

We believe that the United States is aware of our people treasuring sovereignty more than life. Our people have been in military confrontation with the United States for half a century, and even experienced a war against it. We are very familiar with the United States, and through practical experience, are fully aware of how we should deal with U.S. warmongers.

If the United States adheres to military means, we will resolutely cope with them through corresponding military measures. There is no change whatsoever in our rock-firm position to respond to dialogue with dialogue and to war with war. It will be good for the United States to immediately give up the foolish act of attempting to gain something from us through military means.

ROK Warned Against Military Activity in DMZ

*SK1005060195 Pyongyang KCNA in English
0433 GMT 10 May 95*

[**"Repeated Military Provocations in DMZ" — KCNA headline**]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The South Korean puppets on May 6 illegally introduced several 90 mm recoilless guns and 12.7 mm machine guns into the demilitarized zone in the central sector of the front to take firing posture and sent many armed bandits there, inciting a war fever, according to military sources.

This is a deliberate and premeditated provocation of the Kim Yong-sam puppet clique to carry the North-South confrontation to a dangerous phase.

The South Korean puppets must withdraw at once the heavy weapons and armed bandits they illegally brought in and stop acting rashly.

Further on Controversy Over 'Sea of Japan' Map

*SK0605101695 Pyongyang KCNA in English
1010 GMT 6 May 95*

[FBIS Transcribed Text] Pyongyang, May 6 (KCNA) — The deputy spokesman for the South Korean opposition Democratic Party bitterly denounced the authorities for having printed 200,000 copies of a propaganda book containing a map which terms the East Sea of Korea "the Sea of Japan," according to a radio report from Seoul.

"We are really surprised and incensed at the remarks of the authorities that they have no intention to withdraw the book from circulation because it is aimed at explaining globalization," he said.

He demanded that all the copies of the book be collected and those involved in its publication be severely punished.

Japanese 'Activist' Protests Building Kurop Dump

*SK0805103495 Pyongyang KCNA in English
1018 GMT 8 May 95*

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — Dr. Jinzaburo Takaki, an anti-nuclear activist of Japan, reportedly rejected the traitor Kim Yong-sam's plan to build a nuclear waste repository in Kurop Islet, during his recent visit to South Korea.

He said in a lecture in Incheon that Kurop Islet has worst conditions as it has many faults and crevices and is unstable from the geological point of view and as it is too small to install facilities needed for the introduction

and examination of nuclear waste and the removal of pollution.

The announcement that a tourist resort will be built after the construction of a nuclear waste repository in the islet is a sheer lie to appease the protest of the inhabitants, said the Japanese doctor. He called upon the residents to check the projected construction of the nuclear waste repository.

He vowed to wage a struggle solidarizing with their protests with a view to building up public opinion worldwide.

Paper Calls Kim Yong-sam 'Anticommunist Maniac'

*SK1005060695 Pyongyang KCNA in English
0451 GMT 10 May 95*

[**"Last Resort of Fellow in the Grip of Crisis" — KCNA headline**]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The traitor Kim Yong-sam recently formed one more anti-communist organisation with those who had taken the lead in the anti-communist, anti-DPRK campaign during the military dictatorships of the "Fifth and Sixth Republics."

NODONG SINMUN today, commenting on this, charges that this is to gain their support and pursue a more vicious anti-communist policy of confrontation.

The analyst says:

The fabrication clearly shows again that though the traitor Kim Yong-sam is paying lip-services to "civilian government", he is an anti-communist maniac who is little different from the military dictators of the "Fifth and Sixth Republics", and a traitor who negates the fellow countrymen in the North of Korea and seeks confrontation.

In bringing together the remnants of the "Fifth and Sixth Republics" the Kim Yong-sam group seeks the aim to line up them behind its attempt to rig "returns" in the forthcoming "local autonomy elections".

The traitor Kim Yong-sam seated himself in the presidential chair of "Chongwadae [presidential offices]", blowing the "civilian" trumpet yesterday. But, today he has to ask the old human derelicts, who took the lead in the anti-communist campaign during the military dictatorships, to vote for him. What a pity!

Though the traitor Kim is making desperate efforts to bring together the old anti-communist elements, how can he reverse his moribund destiny. His act is a last

resort, which reminds us of a drowning man catching at a straw.

VNS Said To Urge Kim Yong-sam To Step Down

*SK0805103595 Pyongyang KCNA in English
1022 GMT 8 May 95*

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — A spokesman of the National Democratic Front of South Korea in a statement on May 2 denounced the gas explosion in the Taegu metro as an inevitable product caused by the anti-popular "civilian reform" policy of the Kim Yong-sam "regime," according to radio Voice of National Salvation [VNS] from Seoul.

The statement said:

Those who have created a terror-ridden atmosphere with the anti-popular, anti-democratic violence and destroyed and trampled underfoot even the stabilization of people's life are now talking about "consolation" and "raise of support funds". This is a shameless act.

The working masses, students and people from other walks of life should wage a more powerful struggle against Kim Yong-sam in different parts of South Korea by giving vent to the pent-up resentment, and thus drive the "civilian regime" feeling uneasy captive to the consciousness of defeat in the "local autonomy elections" deeper into defensive tight corner.

The traitor Kim Yong-sam, the chief culprit of all the abnormal vices in South Korea including the Taegu gas explosion, must step down from power at once, holding himself responsible for them, as unanimously demanded by all the people.

South Koreans 'Blame' Kim Yong-sam for Explosion

*SK0905151095 Pyongyang KCNA in English
1507 GMT 9 May 95*

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — More and more South Koreans reportedly blamed Kim Yong-sam for the gas explosion in Taegu.

The Bar Association of South Korea issued a statement on May 4 urging the authorities to make a strict investigation into the accident. Such tragic accident would not have occurred if the "government" had investigated the cause of successive big accidents and correctly clarified who was to blame, it said.

The Taegu Christian Youth Society, the Civic Federation for Practising Economic Justice and other civic organisations in Taegu issued statements. They branded the result of the investigation of the "government" authorities into the recent accident as distorted and scaled

down, and demanded that the chief of the investigation headquarters be replaced at once for the clarification of the suspected points of investigation and for a new wholesale investigation into the cause of the accident.

Yi Ki-taek, president of the opposition Democratic Party, called a special press conference at the headquarters of his party on May 4. He urged the authorities to immediately stop the concealment of the cause of the accident and its scaling down in their investigation and make a reinvestigation. He repeatedly called for an apology of Kim Yong-sam and severe punishments on the "prime minister," the "mayor" of Taegu and other "cabinet ministers" concerned.

The recent tragic accident must be dealt with at the "National Assembly," he said, warning that if the "Democratic Liberal Party" ignores this and plays a one-party show at the "National Assembly," his party will employ every conceivable means against it.

The People's Council for Broadcasting Reform, a coalition of 49 public organisations including the Christian Youth Council, called a press conference in Seoul.

At the press conference, Chon Yong-se, co-chairman of the Headquarters for Measures on "Election" Broadcasting Programme, released a statement, which accuses the "information agency" and broadcasting stations of publishing false reports on the gas explosion in Taegu and urges them to apologize for that.

Buddhists Urge Kim Yong-sam To Stop Persecution

*SK0905214395 Pyongyang KCNA in English
1523 GMT 9 May 95*

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — The Central Committee of the Korean Buddhist Federation issued a statement today denouncing the Kim Yong-sam group for trying to punish An Ho-sang, leader of Taejonggyo, and Kim Son-chok, chairman of the National Council for Reunification and Restoration, of South Korea for their April pilgrimage to the tomb of King Tangun, the founding-father of the Korean nation.

The statement says:

The South Korean believers visited Pyongyang to observe Tangun's ascension day at the tomb of King Tangun, motivated by their ideal of national integration. There is no ground to persecute them because their activities were legitimate as believers in national religion.

The Kim Yong-sam group, however, charges them with violating the "Law on North-South Exchange and Cooperation," a version of the notorious "National Security Law." This clearly shows the group is a gang of heinous villains regardless of the ancestors.

The Central Committee of the Korean Buddhist Federation bitterly denounces the Kim Yong-sam group's persecution of An Ho-sang and Kim Son-chok as another grave crime against religion, the nation and reunification.

The Kim Yong-sam group must apologise to the nation for its crimes and step down from power and immediately stop suppressing the religious activities.

If the Kim Yong-sam group punishes the two believers and continues to drive the North-South relations to a critical phase of confrontation, it will be severely judged by the people who love the nation and cherish harmony.

50,000 ROK Students Stage 'Big Demonstration'

SK0705083895 *Pyongyang KCNA in English*
0834 GMT 7 May 95

[FBIS Transcribed Text] Pyongyang, May 7 (KCNA) — About 50,000 students staged a big demonstration on Saturday [6 May] after the inaugural meeting of the third-term "South Korean Federation of General Student Councils (Hanchongnyon) at Kyongbuk National University in Taegu, South Korea, according to a radio report from Seoul.

The demonstrators shouted slogan "Down with Kim Yong-sam" and denounced the United States, waving a placard with letters "Yankee, go home".

Kim Yong-sam groups, upset by it, mobilized over 20,000 fascist police and two helicopters to suppress them and blocked the roads to puppet local government buildings and "American Cultural Centre".

Hanchongnyon has planned to conduct various activities such as a struggle to abolish the "National Security Law", a meeting to demand "punishment of the principal culprits of the May 18 incident", a joint struggle with trade unions and opposition parties to defeat candidates of "DLP" [Democratic Liberal Party] in the "local autonomy elections" and a struggle to open "a performance celebrating the meeting of students from the North, the South and overseas" which is scheduled on June 3.

Foreign press reported that the students regard their demonstration as the "movement to overthrow Kim Yong-sam 'regime'."

Arrest of Former Hanchongnyon Chairman Denounced

SK0905151695 *Pyongyang KCNA in English*
1512 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — The North side headquarters of the National Alliance

of Youth and Students for the Country's Reunification (Pomchonghangnyon) made public a statement on May 9 denouncing the Kim Yong-sam group for having demanded eight years of imprisonment and eight years of suspension of qualification for a student Kim Hyon-chun who was former chairman of the South Korean Federation of General Student Councils (Hanchongnyon) on May 4.

The statement said that the repression coinciding with the declaration of a new-term inauguration of "Hanchongnyon" more clearly shows the meanness and viciousness of the traitor Kim Yong-sam, who has desperately tried to stifle this organisation since he took office.

The traitor Kim Yong-sam suppressed him by invoking the "National Security Law", calling the activities of the second-term Hanchongnyon "pro-North", the statement noted, adding: This fully reveals that he is a heinous fascist, a cursed separatist and a dirty human rubbish.

It stressed:

The Kim Yong-sam fascist clique must abolish at once the "National Security Law", a wornout anti-reunification law, immediately stop the criminal suppression of Kim Hyon-jun and other patriotic students and people in South Korea and face a stern judgement by the nation.

The North side headquarters of Pomchonghangnyon expressed the belief that the patriotic student of "Hanchongnyon" who valiantly declared the third-term inauguration, pulling through all difficulties and trials, will actively turn out in a sacred struggle to adorn the 50th anniversary of the liberation of the country with a Grand Reunification Festival common to the nation, in defiance of the suppression by the Kim Yong-sam fascist clique.

Seoul Student 'Antigovernment Demonstration' Noted

SK1005142495 *Pyongyang Korean Central Broadcasting Network in Korean*
1311 GMT 10 May 95

[FBIS Translated Text] This just in. According to Seoul radio reports, some 250 students of the Korea Federation of University Student Councils [Hanchongnyon] held an antigovernment demonstration today. They waged the demonstration struggle for two hours in front of the puppet government building, the U.S. Embassy, and the Sejong Cultural Center in Seoul. The college students strongly demanded that the puppet clique indict the culprits of the 18 May Kwangju massacre, investigate the Taegu gas explosion, and punish those responsible for the explosion.

Prior to this, the college students congregated at Hanyang University to issue a statement, then decided to gather near Chongwadae [presidential offices] to convey their protest.

Meanwhile, the fascist clique committed ruthless acts by forcibly scattering the demonstrators and arresting some 50 college students.

WPK Supports Grand Reunification Festival Idea

*SK1005102795 Pyongyang KCNA in English
1015 GMT 10 May 95*

["Banner Inspiring Entire Fellow Countrymen to Grand Reunification Festival" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — It is the main idea of the calls of the Workers' Party of Korea [WPK] for reunification that Korea should be reunified in the 90s under the guidance of Comrade Kim Chong-il, the great leader of the nation, says NODONG SINMUN today.

The WPK Central Committee published the calls for celebrating the 50th anniversary of national liberation as a Grand Reunification Festival common to the nation in which people from the North, South and overseas will participate together, and for holding a grand national conference in which political parties, organizations and people from all walks of life in the North, South and overseas sit together to confirm the way of national reunification.

These calls are a guideline inspiring the entire fellow countrymen to the Grand Reunification Festival, the paper stresses, and says:

When the August 15 Grand Reunification Festival common to the nation is held successfully in response to the WPK's appeal, it will be a good occasion for national unity when the 70 million fellow countrymen are rallied in mind, the whole country will be overwhelmed with the spirit of reunification and an epochal phase will be provided to open the door of reunification by the great unity of the nation.

Only when delegates from the North, South and overseas sit together and confirm the way of reunification common to the nation, by pooling their will and wisdom, is it possible to concentrate the vigor and energies of the entire nation on one goal, that is the reunification of the country, and take a united and concerted action in the struggle for national reunification.

The struggle for successfully holding the August 15 Grand Reunification Festival is immediately a struggle for the country and the nation and for reunification. All the Koreans including workers, peasants, students,

intellectuals, businessmen and religionists who want to live in a unified land, should closely unite as one under the banner of the 10-Point Programme of the Great Unity of the Whole Nation and make vigorous efforts to successfully hold the grand reunification festival for celebrating the 50th anniversary of national liberation.

PRC Koreans Form Reunification Festival Group

*SK1005102995 Pyongyang KCNA in English
1019 GMT 10 May 95*

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — An inaugural meeting of the Preparatory Committee of the Koreans in China for a Grand National Reunification Festival celebrating the 50th anniversary of the liberation of the country was recently held in Shenyang, China, according to a report.

The meeting discussed the question of pooling efforts with all the pro-reunification patriotic forces at home and abroad in order to successfully hold the August 15 Grand Reunification Festival which reflects the unanimous desire of the National Alliance for the Country's Reunification (Pomminnyon) to put an end to the history of the national division and open a turning phase of national reunification.

Yang Yong-tong, chairman of the headquarters of the Koreans in China of Pomminnyon, was elected chairman of the Preparatory Committee.

The Preparatory Committee of the Koreans in China comprises the headquarters of the Koreans in China of Pomminnyon, the General Federation of the Korean Citizens in China, the Chinese regional headquarters of the National Alliance of Youth and Students for the Country's Reunification, the Federation of the Korean Citizen Economists in China and 37 other organisations.

International Support for Koreans' 'Just Cause'

*SK0805150495 Pyongyang KCNA in English
1501 GMT 8 May 95*

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — Foreign state and party leaders recently expressed full support for the just cause of the Korean people when they met the Korean ambassadors to their countries.

Cassam Uteem, president of Mauritius, said that his excellency the great leader Kim Chong-il wisely leads the Korean people in the struggle for the prosperity and development of the country and for the reunification of Korea, extending support to their struggle for national reunification.

Robert G. Mugabe, president of Zimbabwe, expressed the belief that the Korean people will achieve brilliant

successes in the efforts for socialist construction and the reunification of the country under the tested and energetic leadership of the great leader Comrade Kim Chong-il.

He said that the U.S. should take a sincere attitude toward the consistent, earnest efforts of the DPRK to resolve the nuclear issue of the Korean peninsula through peaceful talks.

Moukoueke Cristophe [spelling of name as received], general secretary of the Pan-African Union for the Social Democracy of the Congo, said that his party will fully support the foreign policies of the Workers' Party of Korea and always stand behind the Korean people in the future, too.

Chongnyon Economic Venture Delegation Arrives

SK0905152195 Pyongyang KCNA in English
1514 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — An economic joint venture delegation of the General Association of Korean Residents in Japan (Chongnyon) led by Vice-Chairman of Central Standing Committee of Chongnyon Choe Pyong-cho arrived here today for a visit to the socialist homeland.

It was met at the airport by Vice-Premier Hong Songnam and officials concerned.

Hwang Chang-yop Meets PRC Goodwill Delegation

SK0605081895 Pyongyang Korean Central Broadcasting Network in Korean
0100 GMT 3 May 95

[FBIS Translated Text] On 2 May, Hwang Chang-yop, secretary of the Workers Party of Korea Central Committee, met with a goodwill delegation of Jilin in the PRC headed by (Xu Qiliang), deputy director of the Foreign Affairs Office of the Jilin Municipal People's Government. He held talks with the delegation amid an amicable atmosphere.

Present were Chon Yon-ok, vice chairman of the DPRK Committee for Cultural Relations With Foreign Countries, and the councilor of the PRC Embassy in our country.

Cultural Delegation Departs for Iran 6 May

SK0605102495 Pyongyang KCNA in English
1019 GMT 6 May 95

[FBIS Transcribed Text] Pyongyang, May 6 (KCNA) — A government cultural delegation of the Democratic People's Republic of Korea headed by Yang Tal-chu, vice-chairman of the Committee for Cultural Relations With Foreign Countries, left for Iran today by train.

It was seen off at Pyongyang Railway Station by officials concerned and the Iranian ambassador to the DPRK.

Wreaths Laid at Liberation Tower, Soviet Graves

SK0905214195 Pyongyang KCNA in English
1519 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — Wreaths were laid today before the Liberation Tower standing in Pyongyang on the 50th anniversary of the Soviet people's victory in the Great Patriotic War.

Present at the ceremony were Vice-Premier Kim Poksin, Vice-Minister of the People's Armed Forces Kim Chong-kak, and officials concerned. Russian Ambassador to Korea Yuriy Fadeyev and his embassy officials and diplomatic envoys of other countries were also present.

Wreaths were laid before the tower amid the playing of the wreath-laying music in the joint name of the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea and in the name of the Ministry of the People's Armed Forces, the Ministry of Foreign Affairs, Korea-Russia Friendship Society and the Pyongyang Municipal Administrative and Economic Committee.

A wreath in the name of the Russian embassy and bouquets of flowers were also laid before the tower.

The participants observed a moment's silence in memory of the Soviet Army martyrs.

Wreaths and bouquets of flowers were also laid before the graves of the Soviet soldiers in Sadong District, Pyongyang.

Indonesian Ambassador Presents Credentials to Yi

SK0905151995 Pyongyang KCNA in English
1513 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — New Indonesian Ambassador E.P. to Korea Zulkarnain Afri Pane [spelling of name as received] presented his credentials to Vice-President Yi Chong-ok at the Mansudae Assembly Hall today.

Present there was Choe U-chin, vice-minister of foreign affairs.

After receiving the credentials, the vice-president had a talk with the ambassador.

Meets With Kim Yong-nam

SK0805113295 Pyongyang KCNA in English
1102 GMT 8 May 95

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — Kim Yong-nam, vice-premier and foreign minister, on May 8 met and conversed with Zulkarnain Afri Pane [spelling of name as received], newly appointed Indonesian ambassador c.p. to Korea, when the latter paid a courtesy call on him.

Kang Sends Greetings to Malaysian Counterpart

SK0805054295 Pyongyang KCNA in English
0424 GMT 8 May 95

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — Premier Kang Song-san of the Administration Council sent a message of greetings to Datuk Sri Dr. Mahathir bin Mohamed upon the victory of the National Front in the general parliamentary elections and his inauguration as prime minister of the government of Malaysia.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue to develop in the future, and sincerely wished the prime minister a success in his work to build an independent and prosperous Malaysia.

Foreigners, Overseas Koreans Visit Mt. Kumgang

SK1005151195 Pyongyang KCNA in English
1508 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — Foreigners and overseas Koreans were struck with admiration at the beauty of Mt. Kumgang, a famous mountain of the world, during their sightseeing tour.

Kim Sang-to director of the Xinheng Combined Factory in Shenyang, China, said that he realized for the first time the true meaning of the words of ancient people that they should not tell about the scenery of the world before seeing Mt. Kumgang. He continued:

Many mysterious features on 12,000 peaks rising high in clouds are scenery beyond description. It is not accidental that the legend says that fairies descended from heaven to Mt. Kumgang for its beautiful scenery and clean water.

Mt. Kumgang is a famous mountain representing the strong will and stamina of the Korean nation as the great leader General Kim Chong-il said that Mt. Kumgang is the spirit of Korea.

Min Chong-ho, a Korean resident in China, said Mt. Kumgang is a celebrated mountain and a best holiday resort. Such a beautiful mountain cannot be seen anywhere in the world, he noted.

He stressed that everything on Mt. Kumgang is strange, beautiful and grandiose.

Pyon Haesun, a member of the Dandong Tourist Group of China, said as a gem emits light when it is polished, however beautiful it might be from the old time, Mt. Kumgang would not have demonstrated its grand figure and appearance if it had not been for the wise leadership and loving care of the great President Kim Il-song.

The large letters engraved on natural rocks reflecting one mind of the Korean people and the world people to hold Comrade Kim Il-song in high esteem for all ages impress us more deeply, she said, adding: This is the duty and obligation of the Korean people who have lived under the boundless loving care and solicitude of Comrade Kim Il-song, the father of the nation, and the unanimous aspiration of the world's revolutionary people.

Yun Sang-hae, a Korean resident in the United States, said: Touring Mt. Kumgang and the Lake Samil, overseas Koreans who participated in the Pyongyang International Sports and Cultural Festival for Peace are shouting to the world the honor and pride of holding Comrade Kim Chong-il who is as great as Comrade Kim Il-song in high esteem as the father of the Korean nation and are unanimous in saying the rivers and mountains of our country are all the more beautiful as it is guided by Comrade Kim Chong-il.

Ambassador Meets With Azerbaijani President

SK1005111095 Pyongyang Korean Central
Broadcasting Network in Korean
1100 GMT 7 May 95

[FBIS Translated Text] Cho Song-pom, our country's new ambassador extraordinary and plenipotentiary, presented his credentials to Azerbaijani President Geydar Aliyevich Aliyev on 2 May.

In the meeting, the ambassador conveyed the greetings to President Geydar Aliyevich Aliyev from the great leader [yongdoja] Comrade Kim Chong-il.

Expressing his deep gratitude for this, the president asked the ambassador to convey his heartfelt greetings to the great leader Comrade Kim Chong-il.

The president said: We are sharing the greatest loss and sorrow of the Korean people who suffer and feel because of the sudden death of the great leader his excellency Kim Il-song. We had the honor of meeting his excellency Kim Il-song in Pyongyang and Moscow on several occasions. We still remember the warm hospitality he accorded us. The meetings and talks we had with him have left unforgettable impressions on

us. We highly admire him. His excellency Kim Il-song was a world-class outstanding state political activist. He really did many things for the welfare of the Korean people and for the prosperity and development of the country. I once again express my deep condolences over the death of the great leader his excellency Kim Il-song. The greatest of the achievements made by his excellency Kim Il-song was that he wonderfully solved the question of the succession of his cause. His excellency Kim Chong-il is the Korean people's supreme leader who has also been recognized by the world. We are convinced the Korean people will surely achieve the tasks assigned to them under his excellency Kim Chong-il's leadership. Korea should be reunified by all means. We extend our full support to the Korean people's position of trying to reunify the country in the formula of a confederation based upon one nation and one state, two systems and two governments, and to their efforts to achieve it. I sincerely wish the great leader his excellency Kim Chong-il good health and a long life as well as wish him greater success in his noble work of leading the Korean people.

Azerbaijani President Supports Reunification

*SK1005102595 Pyongyang KCNA in English
1009 GMT 10 May 95*

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The president of Azerbaijan and Indian party leaders recently expressed full support for the Korean people's cause of national reunification when they met Korean ambassadors to their countries and a Korean delegation.

Geydar Aliyevich Aliyev, president of Azerbaijan, said that his excellency Kim Il-song was an outstanding statesman well known in the world.

His greatest exploit is that he successfully resolved the inheritance of his cause and his excellency Kim Chong-il is the universally recognized supreme leader of the Korean people, he said.

Saying that Korea should be reunified without fail, he voiced full support for the stand and the efforts of the Korean people to realize the reunification of the country through confederacy based on one nation, one state, two systems and two governments.

H.S. Surjeet [spelling of name as received], general secretary of the Central Committee of the Communist Party of India (Marxist), said that his party expresses the belief that all the members of the Workers' Party of Korea and the Korean people will smash threats and plots of the U.S.-led world imperialist reactionaries and realise the reunification of Korea, united firmly around the great leader Comrade Kim Chong-il in one mind.

Indrajit Gupta [spelling of name as received], general secretary of the National Council of the Communist Party of India, said that it is their internationalist duty to support the struggle of the Korean people to defend socialism and reunify the country.

Cameroon Parliamentary Delegation Departs 6 May

*SK0605102195 Pyongyang KCNA in English
1017 GMT 6 May 95*

[FBIS Transcribed Text] Pyongyang, May 6 (KCNA) — The delegation of the National Assembly of Cameroon led by its President Cavaye Yeguie Djibril [spelling of name as received] left Pyongyang today after finishing its itinerary of five-day visit to Korea which was paid at the invitation of the Supreme People's Assembly of the Democratic People's Republic of Korea.

It was seen off at the airport by Yang Hyong-sop, chairman of the Supreme People's Assembly of the DPRK, Yi Sun-im, chairperson of the Korea-Cameroon Friendship Parliamentary Group, and other officials concerned.

During its sojourn in Korea the delegation visited Mangyongdae, the cradle of revolution, the Tower of the Chuche Idea, the Three-Revolution Exhibition, the West Sea barrage of the world's level, the Mangyongdae School Children's Palace, the Pyongyang Metro and other places.

The guests appreciated the mass gymnastic display "The Great Leader of People" performed by the 50,000 students and school children in Pyongyang at Kim Il-song Stadium and an acrobatic performance given at the Pyongyang Circus Theatre.

Festival Participants Send Gifts to Kim Chong-il

*SK0605064795 Pyongyang KCNA in English
0456 GMT 6 May 95*

[All names as received]

[FBIS Transcribed Text] Pyongyang, May 6 (KCNA) — The great leader Comrade Kim Chong-il received gifts from delegations, organizations and individuals of different countries and overseas Koreans who participated in the Pyongyang International Sports and Cultural Festival for Peace.

Among them were the Chinese delegation led by representative of the National People's Congress of China and Vice-president of the Overseas Chinese Committee Liu Zhenhua, the delegation of the Jilin City public Security Bureau of China led by its Chief Zheng Yuliang, the director of Dandong Tourism Bureau of China and

his companions, the Dandong International Travel Company of China, the Dandong Overseas Tourist Company of China, the director of the Asia-Pacific Travel Company of the United States, the director of the A.B.C. Broadcasting Company of the United States, the Council of Young Men's Associations of Japan and other delegations, organizations and individuals of different countries and Korean residents in Japan, China, the United States and Russia.

Kim Chong-il Sent Messages by Foreign Leaders
SK0805045295 Pyongyang KCNA in English
 0433 GMT 8 May 95

[All names of party leaders as received]

[FBIS Transcribed Text] Pyongyang, May 8 (KCNA) — The great leader Comrade Kim Chong-il received messages from state and party leaders of different countries on the occasion of the birth anniversary of the great leader President Kim Il-song.

They came from Kazakh President Nursultan Abishevich Nazarbayev, president of the Republic of Lebanon Ilyas al-Hirawi, President of the Pakistan Muslim League Chaudhry Hamid Nasir Chattha, president of the Pakistan Socialist Party C.R. Aslam, Secretary-general of the Pakistan Muslim League Iqbal Ahmed Khan, Chairman of the Slovak Communist Party Vladimir Dado, Chairman of the Central Committee of the Communist Party of Germany Werner Schulwese, First Secretary of the Central Committee of the Russian Communist Workers' Party V. Tyulkin, secretary general of the United Left Movement of Dominica Miguel Mejia, national chairperson of the Socialist Progressive Party of Madagascar Rakotomandimby Selistine and chairman of the Romanian Party for New Society Victor Voichita.

The messages highly praise the immortal exploits of President Kim Il-song and say that the president will live forever as a symbol of the struggle for peace and a new future and as the great revolutionary of our era.

They express the belief that Comrade Kim Chong-il will realize the lifetime desire and intentions of President Kim Il-song without fail by successfully carrying forward the cause of President Kim Il-song.

The messages wish Comrade Kim Chong-il a long life in good health.

Foreign Papers Praise Kim Chong-il's Leadership

SK0905101395 Pyongyang KCNA in English
 1008 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — Foreign newspapers published articles lauding the great leader Comrade Kim Chong-il.

The Russian paper PATRIOT NO.16 said in an article titled "His Lifelong Mission":

Comrade Kim Il-song, who pioneered the revolutionary cause of chuche, passed away. But his noble cause, the cause of socialism, is vigorously carried forward by Comrade Kim Chong-il.

To resolutely defend the idea of the leader, the pioneer of the revolution, is the unshakable faith of Comrade Kim Chong-il.

He is a great, outstanding person who has all noble virtues and qualities as a true political leader.

Comrade Kim Chong-il is the people's father, who is gifted with affection for the people.

He is true to Comrade Kim Il-song's motto "The people are my god." The human cause of independence has advanced along an untrodden path under the guidance of the great leader Comrade Kim Il-song in the 20th century. Greater progress will be made in this cause under the leadership of Comrade Kim Chong-il in the 21st century.

The Indian paper SAMACHAR POST, the Belarus paper TOVARISHI and the Pakistani papers BEOPAR [spelling of papers as received] and TODAY NEWS also carried articles titled "Strong Party, Great Leader," "Military Genius," "Leader Who Victoriously Guides Cause of Socialism," etc.

Kim Chong-il Thanks Unit Officials, Work Teams
SK0605063395 Pyongyang KCNA in English
 0453 GMT 6 May 95

[FBIS Transcribed Text] Pyongyang, May 6 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials of several units for their sincere devotion to the people.

Among them were Song Pyong-san, vice-director in charge of political affairs of Yi Yong-kwan Production; Kim Chun-chol, chairman of the Kumya County Administrative and Economic Committee, South Hamgyong Province; Yi Tong-chol, secretary of the Hwadae County Party Committee, North Hamgyong Province; Pak Chan-muk, secretary of the Pungchon-ri Party Committee, Yonan County, South Hwanghae Province

and Ku Myong-ok, chief of Chonghwa-ri Shop of the county.

He also sent thanks to 51 work teams of the Komdok Mining Complex which set examples in carrying out their yearly plans and first half year plans by attaining a high and steady rate of lead and zinc ore production.

Kim Chong-il Work on Friendship, Solidarity Noted
SK1005104495 Pyongyang KCNA in English
1029 GMT 10 May 95

["Great Revolutionary Banner of Friendship and Solidarity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The publication of the famous work of the great leader Comrade Kim Chong-il "Let Us Strengthen Friendship and Solidarity With the Newly-Emergent Countries" was an epochal event which brought about a new turn in the external activities and relations of the Workers' Party of Korea and the government of the Democratic People's Republic of Korea and has greatly encouraged the progressive people of the world to the struggle to accelerate the human cause of independence by developing the friendly and cooperative relations among the newly-emergent countries and strengthening the might of the anti-imperialist independent forces, says NODONG SINMUN in a by-lined article titled "Great Revolutionary Banner of Friendship and Solidarity" dedicated to the 30th anniversary of the publication of the work.

It quotes the great leader Comrade Kim Chong-il as saying:

"Only by improving our relations with the newly-emergent countries can we increase the ranks of supporters for and sympathizers with our revolution and press ahead with the cause of anti-imperialism and independence on an international scale".

The article goes on:

Comrade Kim Chong-il in this work clarified the important theoretical and practical issues arising in achieving the progress and victory of the human cause of independence such as the issue of strictly observing the norms and principles of international relations including respect for sovereignty, equality and mutual benefit, non-interference in the internal affairs of others and territorial integrity in developing relations among the newly-emergent countries, the issue of fully supporting and encouraging the struggle of the peoples of the newly-emergent countries and the issue of strengthening and developing the non-aligned movement and vigorously conducting the joint struggle against imperialism, coun-

tering its strategy of piecemeal defeat with the strategy of solidarity.

The strategy of anti-imperialism and independence put forward by respected Comrade Kim Chong-il has become the great scientific and revolutionary programme of struggle and invincible powerful weapon of the progressive people of the world.

The friendly and cooperative relations among the newly-emergent countries have been strengthened on the principles of respect for sovereignty, equality and mutual benefit, non-interference in the internal affairs of others and territorial integrity clarified by the great leader Comrade Kim Chong-il and their activities to achieve common progress and prosperity on the principle of collective self-reliance have been invigorated.

The ranks of the new-emerging forces have been steadily expanded with the development of the era of independence. For example, the number of member states of the non-aligned movement, a powerful anti-imperialist and independent force of our era, grew 112 from 25 in the first period of its founding. Many problems have been solved in the interests of the new-emerging forces in international arena by their common efforts.

Indeed, by publishing the famous work the great leader Comrade Kim Chong-il brought the external activities and relations of the country on to a new higher stage, created favorable international circumstances for the Korean revolution and strengthened the anti-imperialist independent forces of the world. This is his immortal exploit for the Korean revolution and the human cause of independence.

The progressive people of the world are now highly praising respected Comrade Kim Chong-il as a tested and outstanding leader of the cause of world independence and a peerless great man who leads the present century as well as the 21st century.

'Reverence' for Kim Il-song, Kim Chong-il Noted
SK1005102095 Pyongyang KCNA in English
1005 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — Reverence for the great leader President Kim Il-song and the great leader Comrade Kim Chong-il is ever growing among South Korean intellectuals, according to Seoul-based radio Voice of National Salvation.

A retired professor Kim Tong-hwan in Seoul was told by his students about the poll by the General Student Council of the university showing that the majority of the students consider President Kim Il-song and General Kim Chong-il to be greatest men in the world. He said:

"It is natural that the students worship President Kim Il-song and General Kim Chong-il because there is no one who can match them in the history of the world.

"President Kim Il-song is the sun of the nation who liberated the country, saved the nation, built a socialist system in the North where all the people enjoy happiness and devoted all his life to national reunification.

"General Kim Chong-il is the destiny of the nation that fully demonstrates the nation's dignity and the leader of the world.

"I am convinced that when the Korean people hold General Kim Chong-il in high esteem, the dignity and pride of the nation will be further uplifted and everything will go well."

As regards the adoption of the agreement for the resumption of the DPRK-Japan talks, a dissident Kang Chi-hun told a round table conversation at a hall in Mapo District, Seoul, on April 17:

"The leader Kim Chong-il, a model of a present-day statesman, is pursuing independent politics centred on the popular masses with an extraordinary strategy, grit and iron will.

"It is a great result of his independent politics that the four-party negotiations of the North and Japan were held successfully to meet the North's demand and an agreement was adopted.

"The negotiations will remain recorded in the nation's history forever because they exalted the dignity of our nation." Kim Song-tu, a retired professor, said that the North, which steadfastly adheres to the principle of independence, demonstrated again the might of the powerful country to the international community through the negotiations.

"Being a member of the Korean nation, I pay greatest tribute to the respected leader Kim Chong-il, who has exalted the prestige of the Korean nation considerably in the world," he said.

NDFSK Mission Visits Kim Il-song Statue
SK0905050595 Pyongyang KCNA in English
 0416 GMT 9 May 95

[FBIS Transcribed Text] Pyongyang, May 9 (KCNA) — Chief Yi Chong-sang and members of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) on Monday laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill and made a bow on the lapse of ten months since he passed away.

They vowed to devote their all to the struggle to bring earlier the day when they will hold on the rostrum of

the square of reunification general Kim Chong-il, the respected supreme commander, who is the very same with President Kim Il-song, by bringing into effect the "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by the president.

More Foreign Tourists Visit Kim Il-song Statue
SK0705080595 Pyongyang KCNA in English
 0801 GMT 7 May 95

[FBIS Transcribed Text] Pyongyang, May 7 (KCNA) — A delegation of the Beijing Normal College of China and tourist groups from the United States and Japan visited the statue of the great leader President Kim Il-song on Mansu Hill and paid homage to him.

They laid bouquets and made a bow before the statue of President Kim Il-song.

Chongnyon, PRC Visitors

SK1005065195 Pyongyang KCNA in English
 0423 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — An economic joint venture delegation of the General Association of Korean Residents in Japan (Chongnyon) led by vice-chairman of the Central Standing Committee of Chongnyon Choe Pyong-cho and a government scientific and technical cooperation delegation of China led by vice-minister of the State Science and Technology Commission Han Dejian called at the statue of the great leader President Kim Il-song on Mansu Hill on May 9 and expressed deep reverence for him.

The guests laid bouquets before the statue of President Kim Il-song and made a bow.

Foreign Media Carry Biography of Kim Il-song
SK1005065295 Pyongyang KCNA in English
 0426 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — Foreign media reported the brief biography of the great leader President Kim Il-song.

The Czech paper DIALOG carried his brief biography, saying:

Comrade Kim Il-song was an elder of the international communist movement and the national-liberation movement.

He devoted everything to the sacred cause of the people all his life. He worked heart and soul for socialist construction and peaceful reunification of the country till the last moment of his life.

His cause remains and will remain alive forever.

His successor, Comrade Kim Chong-il, has long since led the affairs of state as a whole. This guarantees brilliant inheritance of Comrade Kim Il-song's cause.

His brief biography was also reported by the Indian papers PROLETARIA ERA and SAMACHAR POST, the Yemeni paper MAY 22, the Egyptian paper AL SHABAB AL ARAB, the Russian papers GLASNOST and KTO EST KTO, the Romanian magazine SCINTEIA SOCIALISMULUI and the AZAP News Agency of Zaire.

Kim Il-song's Works Reported by Foreign Media

SK0705082895 Pyongyang KCNA in English
0815 GMT 7 May 95

[Spelling of all papers as received]

[FBIS Transcribed Text] Pyongyang, May 7 (KCNA) — The famous work of the great leader President Kim Il-song "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" was carried by the Yemeni paper SAUT AL YEMEN, the Jordanian paper AL-JAMAHIR, the Colombian paper VOZ and the Madagascan paper MIDI MADAGASIKARA.

His work "Non-Aligned Information Services Must Contribute to the People's Cause of Independence" was carried by the Madagascan paper IMONGO VAOVAO.

His work "Young People Must Accomplish the Revolutionary Cause of Chuche, Upholding the Leadership of the Party" was reported by the Madagascan AMP news agency.

Grand Festival To Mark WPK Founding Urged

SK1005070495 Pyongyang KCNA in English
0447 GMT 10 May 95

["Grand Celebration of WPK Foundation Anniversary Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — NODONG SINMUN today editorially calls for powerfully conducting an all-people onward movement to greet the 50th anniversary of the foundation of the Workers' Party of Korea [WPK] as a grand festival of victors, in hearty response to the calls of the party Central Committee on the anniversary.

The editorial says the grand festival in October is of great importance in the political life of the Korean people.

It goes on: The 50th anniversary of the foundation of the WPK will mark a historical occasion in powerfully

demonstrating the grand appearance of our party and the might of the singlehearted unity of our revolutionary ranks, the party and ranks that have been further strengthened organisationally and ideologically with invincible power under the leadership of the great leader Comrade Kim Chong-il. It will be also a great festivity of Korea of chuche.

To make a powerful march to greet the anniversary as a grand festival of victors is an important undertaking to fulfil the revolutionary obligation as the true revolutionary soldiers, faithful disciples of the great leader Comrade Kim Il-song.

When the whole party, the entire people and all the army effect a fresh revolutionary upsurge in all domains of socialist construction with infinite loyalty, the advantages of Korean-style socialism will be brought into full play and our country will become an unconquerable fortress of socialism which any enemy do not dare to provoke.

What is important in powerfully accelerating the general march is to deeply cherish in mind the faith that they have nothing impossible to do under the guidance of Comrade Kim Chong-il.

The entire party members and other working people should have the firm faith that the great leader Comrade Kim Il-song means the great leader Comrade Kim Chong-il and the latter means our party and thoroughly embody the idea and leadership of Comrade Kim Chong-il.

The tasks in economic construction are very difficult and vast. But we should greet the 50th anniversary of the foundation of the party as a grand festival of victors by making a decisive advance in implementing the revolutionary economic strategy of the party.

The invincible unity and cohesion of our party based on one centre, one idea should be further consolidated in the ongoing grand march to significantly greet the 50th anniversary of the foundation of the party.

Iron Complex Workers Increase Daily Production

SK0805025495 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 4 May 95

[FBIS Translated Text] In response to the slogans of the Workers Party of Korea [WPK] Central Committee, the heart of the working class of the metallurgical industry across the country is filled with an enthusiastic resolve to vigorously raise the flames of new great upsurges with the enthusiasm and the spirit of struggle of the great chollima upswing period.

In particular, the steel workers of the Kim Chaek Iron Complex, who have stood up in response to the WPK Central Committee's slogan "Production of iron and steel materials is a breakthrough in implementing the party's revolutionary economic strategy," are working briskly, daily producing an average of approximately 300 tonnes of iron and steel materials, an increase compared with that of last month.

Power Station Workers Increase Daily Production

*SK0805031095 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 4 May 95*

[FBIS Translated Text] Filled with great pride in and honor of living and working at an honorable work site that the great leader and the dear comrade leader had once visited, the working class at the Kanggye Youth Power Station is producing 150,000 kwh more electricity than its daily production plan.

The working class at the Pujongang, Changjagang, and Changjingang Power Stations, with pride in overfulfilling their plans in the meaningful month of April, is producing more electricity with less water by maintaining hydraulic power generation structures and operating generation facilities well.

Hydraulic Power Complex Overfulfills Daily Plan

*SK0805031895 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 7 May 95*

[FBIS Translated Text] Electricity producers at the Taedonggang Hydraulic Power Complex have been maintaining a high and steady rate of production in May in the spirit of overfulfilling their April plan.

Electricity producers at the power generation work shop who have stood up to implement the party Central Committee's slogans released on the 50th anniversary of the party's founding are increasing the electricity generation rate per tonne of water by maintaining facilities and distributing loads well.

Electricity producers at this power station are producing 100,000 kwh more than the daily plan.

Hochongang Power Station Increases Production

*SK0805043195 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 6 May 95*

[FBIS Translated Text] By highly upholding the party Central Committee's slogan on the occasion of the 50th anniversary of the party founding, electricity producers of the Hochongang power station are vigorously pushing

ahead with electricity production with extraordinary preparedness and determination.

Electricity producers here who overfulfilled monthly targets this year have been overfulfilling high daily targets for electricity production from the early part of May.

Electricity producers of the No. 4 generation work site of the three revolutions red flag in which the fatherly leader's leadership achievements are permeated and the No. 1 generation work site of the three revolutions red flag are scrupulously carrying out preventive maintenance and repair work, thus overfulfilling daily targets by 103 percent these days.

Electricity producers of the No. 2 and No. 3 generation work sites of the three revolutions red flag are repairing basin areas to gather water at the appropriate time and are carrying out facility operation work scientifically and technically, thus more electricity is being sent to various sectors of the people's economy.

17 Mar Power Plant Raises Electricity Production

*SK0905064595 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 8 May 95*

[FBIS Translated Text] Electric power producers at the 17 March hydroelectric power complex are effecting an upsurge in production. The electric power producers at the complex who have been fulfilling the monthly electric power production quota without fail this year are producing a large quantity of electricity by unanimously launching into electricity production while cherishing in their hearts the party Central Committee's slogan on increasing electric power production to the maximum by operating all power plants at full capacity.

Particularly, electric power producers at the No. 1 generating workshop increased their daily production quota by 3 percent by properly planning and coordinating facility management and technological management and by operating facilities at full capacity.

Workers at the No. 2 and No. 3 generating workshops are also increasing electric power production by accelerating production with the burning spirit of upholding our party with successes in electric power production.

Electric Power Facilities 'Innovations' Reported

*SK0905054895 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 7 May 95*

[FBIS Translated Text] The Hamhung machine tool plant workers are continually effecting innovations in producing electric power generation facilities.

Vigorously dashing forward brimming with confidence and optimism under the leadership of the great leader Comrade Kim Chong-il, workers at the plant have surpassed monthly plans each month since the beginning of the year and with this spirit, continue to attain great success in production this May as well.

Carrying out the struggle to ensure the precedence of materials required for producing electric power generation facilities, workers at the material workshop vigorously surpassed each day's target by 110 percent according to specifications.

Workers at the electric appliances workshop and the machine building workshop have surpassed their planned goals through their own efforts by effecting joint innovations to meet various conditions.

'Superiority' of Benevolent Politics Discussed

*Pyongyang NODONG SINMUN in Korean 15 Jan 95
p 2*

[Article by Sim Sung-kon: "The Superiority of Our Party's Politics of Benevolence"]

[FBIS Translated Text] In his classic work "Socialism Is a Science," the great helmsman Comrade Kim Chong-il comprehensively elucidated the nature and superiority of our party's politics of benevolence.

The great helmsman Comrade Kim Chong-il pointed out as follows: "Politics of benevolence is a traditional political method the historical root of which was planted by the great leader Comrade Kim Il-song early on in the days of the anti-Japanese revolution, and which was deepened and developed as the revolution and construction progressed."

Politics of benevolence is the true people's politics of valuing and loving the people and giving all available benefits to them.

Politics of benevolence can be realized only by a great leader or a great helmsman possessed with the lofty virtue of loving the people boundlessly.

The respected and beloved leader Comrade Kim Il-song was the affectionate father of the people embodying the love for the people at its height. Early on the fatherly leader held the adage "People are the lord" as his favorite maxim and was always among the people all his life, sharing his fate and fortune with them and devoting his all to their good. It was because we had the great Comrade Kim Il-song possessed with the lofty virtue of loving the people boundlessly as our leader that the glorious history of politics of benevolence, the true people's politics, came to be realized in our country.

The tradition of politics of benevolence founded by the fatherly leader is being brilliantly inherited and developed today by the great helmsman Comrade Kim Chong-il. Our party's politics of benevolence is a genuine people's politics which gives prominence to the masses as an absolute entity, and which is based on boundless love for and trust in the people.

The superiority of our party's politics of benevolence finds a concentrated expression above all in the way the party formulates lines and policies by reflecting the independent demands of the masses and thoroughly carrying them out by relying on the efforts of the masses.

A basic in politics is the formulation of policies and their implementation. The progressiveness and superiority of politics depend importantly on the demands and interests of any particular class or social group that are reflected in the formulation of policies and how policies so formulated are implemented.

Our party gives prominence to the masses as the masters of society in every aspect of life and formulates lines and policies by reflecting the independent demands of the people and thoroughly implements them by relying on the inexhaustible creativity of the masses. The masses of people, whom our party gives prominence as an absolute entity, are a social collective which is bound by the commonality of independent demands and creative activities, with working people at the center. In our socialist society everyone is converted to a socialist, working person, and people in all strata are members of the masses. That is why to protect the interests of the masses is to protect the common interests of society and the interests of each working person. For this reason, our party goes deep among the broad masses in all strata, including workers, farmers, and intellectuals, to ascertain their independent desires and demands, and formulates lines and policies by synthesizing and systematizing its findings. The great helmsman Comrade Kim Chong-il is continually on his way to visit with people and give them on-the-spot guidance. At the outset of the New Year, the great commander went among officers and men of the KPA to show them his immense love and faith. The unbroken journey by the great helmsman Comrade Kim Chong-il visiting with people is a journey of great love and faith which no other can make. He gives prominence to people as teachers, saying that wisdom, leadership ability, morality, and so forth are all learned from them.

It is because we have the great leadership of the great helmsman Comrade Kim Chong-il, who is on an endless on-the-spot tour aboard the "People-Bound Train," that the voice of the people is reflected accurately and

in a timely fashion in the party's lines and policies in our country. Every one of the lines and policies presented by our party reflects the desires and demands of the people. The revolutionary economic strategy our party is pursuing in the present time is also permeated with our party's warm consideration for the people, determination to make their material and cultural life richer to suit the demands of socialism and the desires of the masses.

Our party, with an absolute faith in and love for the people, also relies completely on the inexhaustible creativity and self-consciousness of the masses in the implementation of its lines and policies. Giving definite priority to ideological remolding work, namely, political work, over all other activities, our party encourages the masses to give full scope to their revolutionary zeal and creative positiveness in the struggle to implement the party's lines and policies. Behind this stance there is our party's lofty faith in the people, looking upon the masses as the most potent entity possessing an inexhaustible creativity.

Formulating lines and policies by reflecting the independent demands of the masses and implementing them by relying on their creativity—this is where the fountainhead of our party's politics of benevolence lies and where also lies the secret of the ever-victorious advance of our way of socialism on the most scientific path, without the slightest deviation.

The superiority of our party's politics of benevolence manifests itself in the valuable, happy life our people enjoy.

Political superiority, importantly, is defined by the criterion of whether or not politics guarantees the people a true human life which is suited to their inherent nature as social beings.

For the masses to glorify their social and political lives and enjoy a dignified life filled with the love and trust of the social collective is their inherent demand. Our party, with a profound understanding of this inherent demand of the masses, has bestowed a precious political life upon each of them and leads them to add glory to it constantly.

The great helmsman Comrade Kim Chong-il's politics of benevolence is the politics of love and trust leading each individual in his or her political life in a responsible manner—the broad-based politics of bestowing love and faith upon people in all strata without distinction. To trust and give prominence to those upon whom trust is once bestowed regarding them as permanent fellow travelers on the road of revolution and continue to lead even those who committed personal mistakes along the

road of revolution, without abandoning them—this is the way the great helmsman Comrade Kim Chong-il absolutely trusts and affectionately loves our people. The respected and beloved leader Comrade Kim Il-song always insisted that one should evaluate others not by their family backgrounds or past experiences, but on the basis of their present ideology, and warmly embraced and tenderly looked after whoever believed in and followed our party, without distinction as to family backgrounds and social and political experiences. It is thanks to this absolute trust and broad-mindedness that the great epics of human love in the KWP era have been unfolded—happenings that parallel the incident of the Public Welfare Organization [PWO] documents burned during the anti-Japanese armed struggle, and developments no less epochal than the land reform program—and that everyone embracing his or her precious political life is walking down the true road of life.

Our party's politics of benevolence warmly extends not only to the social and political aspects but also to the material and cultural aspects of people's lives. The great helmsman Comrade Kim Chong-il holds it as a basic policy for the party and state to begin by studying the food, clothing, and shelter problems of the people and to go further and take the responsibility of guaranteeing all aspects of their lives, including medical care. That is why our people live without having to worry about their livelihood. In our country the state, under the leadership of the party, provides stable employment for all able-bodied persons and tenderly looks after those who have temporarily lost their ability to work, those who have no ability to work, and the aged with no one to take care of them. Elderly revolutionaries and veterans, disabled veterans, and meritorious persons are leading a rewarding life under the protection of the state, enjoying the high respect and love of the people. The younger generation is reaping more benevolent benefits from our party's politics of benevolence. How to raise the younger generation is a fundamental issue which will decide the future of the revolution and the destiny of the country and the people; therefore the parents alone cannot be responsible for raising the younger generation—this is the unshakable stand of the great helmsman Comrade Kim Chong-il. With this thoroughgoing stance the great helmsman Comrade Kim Chong-il has shown boundless love and consideration for the younger generation. As a result, the new generation is studying to their heart's content under the most outstanding 11-year compulsory education system, with everything supplied by the state, from uniforms to stationery.

In fact, today all our people lead wholesome and equal lives, without having to worry about their livelihoods, thanks to the party's politics of benevolence. Our socialist society is the only society where politics of benevolence has ever been introduced enabling people to enjoy life without having to worry about their livelihood since human society came into being. Nowhere else in the world do people enjoy the kind of social equality in the standards of living that prevails in our country today.

The priceless political life, as well as the wholesome, equal material and cultural life our people enjoy today, is the true human life that mirrors our party's politics of benevolence.

The superiority of our party's politics of benevolence also manifests itself distinctly in the large harmonious family formed by our people, united tightly around the great helmsman.

The excellence of politics distinctly manifests itself in the ideological and mental features of people and the social ethos. When true people's politics is realized, people come to rally tightly around the leader, with harmony and unity bursting into bloom. On the contrary, when politics is something other than true people's politics, then society becomes torn asunder, people distrusting and rejecting one another, and this becomes an inveterate way of life for the people.

The leader and the people are united as one, and the whole society has become a large revolutionary family—this is the true picture of our society of which we are immensely proud. This represents the precious fruition of our party's politics of benevolence.

In our society a kindred relationship based on trust and loyalty, love and filial duty, exists between the leader and the people because we have a politics of benevolence in which the leader boundlessly loves the people. Every one of our people knows well that our party's politics of benevolence is based on the lofty virtues of the great helmsman Comrade Kim Chong-il, who boundlessly loves the people. The leadership of our party which formulates policies by reflecting the desires of the people and implements them by relying on their efforts; our party's broad-based politics by which it bestows a precious political life upon each individual and looks after him; and our party's politics of constant love and trust; and people-oriented measures which evenly benefit each individual and each family—all these stem from the respected and beloved Comrade Kim Chong-il's noble love for the people. That is why our people follow the great commander, firmly believing him to be not only the leader of the revolution but also their benevolent father. The relationship between

the leader and the people did not stop at being the relationship of leading and being led, but has been elevated to the relationship between the natural father and children, namely, a relationship of giving love and dedicating loyalty and filial duty. Herein lies the fountainhead of the absolute superiority and enormous vitality of our party's politics of benevolence.

A mutual relationship of comradely love and revolutionary duty, even among members of society, is bursting into bloom in our society because the great helmsman is practicing a politics of benevolence, boundlessly loving the people. Despite the differences in personality, taste, occupation, and age, people live in harmony helping and leading one another as members of the large family, with the great helmsman as their father.

Today our people absolutely support and trust our way of mass-centered socialism under which politics of benevolence is being practiced. Come whatever ordeal, our people will never pause or draw back, not even one step, but resolutely defend, preserve, and add glory to our way of mass-centered socialism under which the politics of benevolence is being practiced.

South Korea

DPRK Proposes Talks With U.S. in Beijing

SK1005031295 Seoul CHOSON ILBO in Korean
10 May 95 p 3

[Report by Kim Sung-yong]

[FBIS Translated Text] It was learned on 9 May, that North Korea has expressed hopes of holding the U.S.-North Korean high-level talks in Beijing.

A diplomatic source in Seoul said, "North Korea has long hoped to hold the talks in Pyongyang. However, since the United States adheres to its stance of designating a place in a third country, such as Geneva, as the venue for the talks, North Korea proposed on 8 May that the talks be held in Beijing." The source added, "The final decision on the venue for talks has yet to be made."

No Agreement Yet on Venue, Date

SK1005061195 Seoul YONHAP in English
0537 GMT 10 May 95

[FBIS Transcribed Text] Washington, May 9 (YONHAP) — With no accord reached yet on the venue, the U.S.-North Korea high-level talks to break the impasse concerning the light-water nuclear reactor issue, originally slated to open around May 15, is likely to start after May 20.

Geneva or a third neutral location is more likely to be adopted as the venue of the proposed high-level talks than Beijing, which is now being discussed.

A diplomatic source here said Tuesday, "flights from Pyongyang to Beijing or Geneva are limited to once or twice a week. Only if differences of view on the venue are ironed out will the opening date of the high-level talks be determined. Given the present circumstances, it should be difficult for the talks to be opened next week."

The U.S. Government wants to hold the talks in Geneva, but has reportedly conveyed its willingness to Pyongyang, in case the latter is opposed to it, to go along with a third location except for Pyongyang, that is, Beijing, Berlin or any other place.

But North Korea is considered to be reluctant towards holding the negotiations in Beijing on account of possible intervention by China. And the scale of the North Korean Mission in Berlin is too small. Accordingly, Geneva may be adopted as the venue as originally suggested by the United States, according to North Korea watchers here.

Asked about the idea of holding the talks in Beijing, an official of the North Korean Mission to the United Nations declined to answer Tuesday.

Enquired if U.S. nuclear ambassador Robert Gallucci would head for the talks site directly upon completing his visit to Seoul and Tokyo, a State Department official replied, "he is scheduled to return to Washington. The present plan calls for him not to go to the site of the talks direct."

The State Department, meanwhile, said Tuesday that North Korea appears to be continuing maintenance and inspection on the 5-megawatt experimental reactor at Yongbyon, but that no positive actions have yet been taken to recharge the fuel.

State Department deputy spokesman Kenneth Bacon told a regular briefing session that the North keeps maintenance personnel at Yongbyon but that the area is under thorough surveillance by inspectors of the International Atomic Energy Agency (IAEA).

U.S., DPRK Share 'Motives' on Reactor Issue

*SK0905144195 Seoul SISA JOURNAL in Korean
11 May 95 pp 68-69*

[Article by reporter Pyon Chang-sop: "The United States and North Korea Have Same 'Underlying Motives Regarding Light-Water Reactors'"]

[FBIS Translated Text] If we look at the developments that have been made since late October 1994 when the United States and North Korea achieved a dramatic

settlement of the nuclear issue in Geneva, we find one noteworthy point: North Korea is making use of the issue of light-water reactors not simply in order to obtain a supply of electricity, but in order to use it as a high-level bargaining chip. In other words, North Korea is trying to make the most of the bargaining chip of light-water reactors in order to solve all pending issues between itself and the United States, including the question of replacing the Armistice Agreement with a peace agreement and establishing diplomatic relations between the two countries.

If North Korea is really suffering from shortages of electricity, there is no reason for North Korea to stress light-water reactors, which will take a long time and huge amounts of money to build. Instead, it would be much better to build a thermoelectric power plant, the construction of which would take a much shorter period of time and the operation and fuel needs of which North Korea could maintain by using coal, which North Korea has sufficient deposits of. This notwithstanding, North Korea has pertinaciously stressed light-water reactors for the purpose of making use of them as a bargaining chip and a political weapon.

The United States well knows that North Korea has taken advantage of the light-water reactors as a political bargaining chip, and so does the ROK. Nonetheless, why does the United States give the impression that it is being dragged around by North Korea. One Western diplomat based in Seoul stated: "The weaker a man is, the greater his pride. Because North Korea is presently in a vulnerable position, it is important not to drive North Korea into a corner." He meant that the stronger a man is, the greater the need to accept his inferiority with magnanimity.

This notwithstanding, it would be a miscalculation if we believe the United States, which is good at pursuing its own national interests, is dealing with the question of light-water reactors from the simple standpoint of accepting North Korea with magnanimity. Despite the repeated twists and turns, it has been possible to maintain the status quo in the negotiations over the North Korean nuclear issue. In reality, this is because no damage has yet been done to the national interests of the United States.

Basically, the United States has dealt with the question of the North Korean nuclear issue from the standpoint of preventing world-wide nuclear proliferation, not from the standpoint of dealing with a question concerning the Korean peninsula. Therefore, the U.S. way of handling the North Korean nuclear issue is accordingly quite practical. In accordance with an American saying that goes "if it's not broken, don't fix it," the U.S.

Government has done nothing excessive in relation to its policy toward the North Korean nuclear issue as long as no damage is done to its own national interests. The core point of the U.S. policy toward North Korea's nuclear issue is to have North Korea keep its promise to freeze its nuclear facilities and adhere to the Nuclear Nonproliferation Treaty. The United States has taken a positive view of the latest Geneva agreement because North Korea made such promises to the United States.

Shocking Remarks by Ambassador Gallucci

Such a perspective by the United States toward the North Korean nuclear issue has been repeatedly confirmed through remarks that have been made so far by high-ranking U.S. officials. Nuclear Ambassador [title as published] Gallucci made a shocking remark on 27 April while the United States was preparing for high-level political talks with North Korea. According to a REUTER report, in an address Gallucci made at a meeting sponsored by the Women's National Democratic Caucus (WNDC), he stated: "As long as North Korea maintains its freeze of its nuclear facilities, it does not seem reasonable to impose on North Korea a plan to build the light-water reactors that will cost approximately \$4 billion. The United States should not immediately break the present circumstances under which North Korea is keeping its promise to freeze its nuclear facilities." For reasons unknown, his remark was not reported by ROK newspapers or broadcast media.

To our surprise, Gallucci's remark implies that as long as North Korea keeps its promise to freeze its nuclear facilities, there is no reason to be greatly concerned over the present deadlock in the light-water reactor issue, even if such a question is protracted. In other words, to the eyes of the United States, the primary task is to ensure that North Korea keeps its promise to freeze its nuclear facilities, not to solve the question of the light-water reactors. In addition, because the ROK is supposed to bear most of the cost of the \$4 billion needed for construction of the light-water reactors, the United States need not to be worried.

In conjunction with such a perspective by the United States, it is also necessary to pay keen attention to the attitude North Korea has been taking in recent days. According to a recent report carried by an ROK newspaper, North Korea has been conducting negotiations with a U.S. enterprise to build a large thermoelectric power complex in preparation for circumstances in which something goes amiss in concluding an agreement on supplying light-water reactors and the construction of atomic power plants is accordingly delayed. If this report is true, everything becomes a little clearer. Thus, North Korea will be able to further enhance its

position in the negotiations by making use of the light-water reactors as a political bargaining chip while overcoming its electricity shortage by building a thermoelectric power complex.

According to this report, Kim Chong-u, vice chairman of North Korea's External Economy Commission, has discussed with the Stanton Business Group, a U.S. power-generating equipment manufacturer, ways to build ten thermoelectric power plants, each of whose capacity will be 200,000 kilowatts, in the coal mining area of Undok County, North Hamgyong Province. Such power generating capacity would be equivalent to the 2 million kilowatts the Korean Peninsula Energy Development Organization (KEDO) will be supplying through the construction of light-water reactors.

One ROK newspaper reported on 15 April that the Stanton Group would reopen an oil refinery (which is presently closed) in the Najin-Sonbong region in May. This newspaper added the Stanton Group would import crude oil from Europe, refine it in North Korea, and export the entire amount to international petroleum majors. In the meanwhile, Stanton Vice President Charles Warden visited Seoul at the end of March, expressing to high-ranking ROK Government officials his opinions on the question of light-water reactors.

What kind of corporation is Stanton that it can keep in touch with North Korea? According to official data the SISA JOURNAL has recently obtained, Stanton dispatched its executive officials to Pyongyang at the request of North Korea right after the agreement was reached in Geneva at the end of October last year. While staying in Pyongyang for about a week, they held in-depth discussions with pertinent North Korean officials and visited the northeastern area of North Korea where they surveyed electricity and oil refinery facilities and ports. It has been learned the Stanton Group took special interest in the fields of electricity generation, refining ~~of crude oil, and industrial development~~. The Stanton Group, headquartered in Boston, has three subsidiary corporations: the Mass Power Corporation, the Faneuil Group Corporation, and the Faneuil Economic Development Corporation. It also has the International Engineering Management Center attached to Drexel University. In addition, the group operates a Stanton management team.

It has been learned the Stanton Group is taking great interest in building power plants using conventional fuel such as oil, gas, and coal. This group has presently expanded its scope of activities to Canada, Mexico, East Europe and Poland, and even Northeast Asia. In Northeast Asia in particular, Stanton has also taken great interest in supplying North Korea's electricity

generating facilities while participating in the Tumen River Development Project, which has been pushed by the United Nations Development Program (UNDP).

The Stanton Group Is Pushing for Joint-Venture Investments With North Korean Enterprises

According to a plan worked out by the Stanton Group to develop the Najin-Sonbong area, first the group plans to reopen a 200,000 kilowatt-class power plant which remains closed at present, thus supplying electricity to the region. Second, the group plans to import crude oil from overseas, refine it, and export all the refined oil overseas; however, refined crude oil will not be imported into North Korea. Third, the group plans to increase exports by accelerating investment in the manufacturing industries in the free economic and trade zone of Najin-Sonbong. In these fields, the Stanton Group will carry out its projects by pushing for joint-venture investments with North Korean enterprises.

According to Stanton Group data, while moving in the direction of establishing a more open economic system, North Korea preferred to receive help from U.S. enterprises; thus, North Korea chose the Stanton Group as an enterprise that would be able to help North Korea in the process. According to testimony by Stephen Brown, president of the Stanton Group, given to a hearing of the U.S. Senate Energy and Natural Resources Committee, the Stanton Group has so far been attempting to advance into North Korea while negotiating with the U.S. Government on a regular basis, being the first U.S. enterprise engaged in dealing with North Korea (since the agreement was reached in Geneva). The group has also filed an application with the U.S. Department of the Treasury for special permission to engage in transactions with North Korea.

At present, among U.S. enterprises the Stanton Group is most energetically making contact with North Korea, but whether it will succeed or fail depends upon whether the talks on light-water reactors will succeed or fail. It seems a U.S. liaison office will be established in Pyongyang if the U.S.-North Korea high-level talks, which will resume soon, proceed smoothly and if an agreement is reached on supplying light-water reactors. It seems clear that Stanton and other U.S. enterprises will make haste to prepare for an earnest advance into North Korea. This notwithstanding, under the circumstances in which North Korea is using the question of light-water reactors as a political bargaining chip, it is doubtful whether North Korea will readily listen to the U.S. Government or U.S. enterprises. Professor Yun Tok-min, a researcher at the Institute of Foreign Affairs and National Security who is well versed in the North Korean nuclear issue, diagnosed the situation, stating:

"For the next ten years, North Korea will try to gain what it wants by making the most of its light-water reactor bargaining chip." The light-water reactor bargaining chip is indeed giving North Korea political leverage equivalent to that of a nuclear weapon.

Daily Views U.S. Pressure To Open Markets

*SK0905043995 Seoul MUNHWA ILBO in Korean
8 May 95 p 9*

[By reporter Song Ha-sik]

[FBIS Translated Text] The United States has been intensifying its pressure on the ROK to open its financial services and telecommunications markets following its pressure to open the markets for agricultural and dairy products.

Some fear this will "cause" aggravated trade relations between the ROK and the United States, whose only area of trade dispute is in regards to the shelf life of imported meat products, and to the customs and quarantine inspections of imported agricultural products, which have been brought to the World Trade Organization [WTO].

Listening only to its own country's business circles, the U.S. Administration is asking that the ROK open even its minor markets. Meanwhile, the United States appears to be regarding the ROK as a target of its attack by classifying the ROK's level of market opening among the lowest. Likewise, it appears that the United States is trying to make a low estimate of the ROK markets with a view to making the ROK keep its promise with the United States on market opening and to realize this market opening ahead of schedule.

For example, with the approach of the follow-up negotiations on financial services at the WTO, the United States has classified the ROK's opening of its financial markets among the lowest, with 12 countries, such as Brazil, Chile, India, and South Africa, thereby intentionally intensifying the level of pressure on the ROK to open its markets.

In order to realize the opening of the ROK's telecommunications markets, the United States has also asked the ROK to allow U.S. enterprises to participate in the market for time division exchangers [TDXs], and will realize the conclusion of an agreement on the opening of the world's telecommunications markets through holding bilateral negotiations with 23 countries, including the ROK, by April 1996. This means that the United States is employing a double-pronged trade strategy of realizing a package settlement with pertinent countries

on the issue of opening the world's telecommunications markets, while asking the ROK to open its markets whenever U.S. industries so demand.

Confusion in coordinating countermeasures has resulted from the United States' trade pressure on individual markets of the ROK, between government agencies and ministries concerned, such as the Ministry of International Trade and Industry, the Ministry of Agriculture, Forestry, and Fisheries, the Ministry of Public Health and Welfare, the Ministry of Information and Communications, the Ministry of Finance and Economy, which is responsible for the coordination of external economy, and the Ministry of Foreign Affairs, which is the official government channel for external negotiations.

Won-Dollar Exchange Rate Lowest in 3 Years

SK1005040695 Seoul YONHAP in English
0224 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — The Korea Financial Telecommunication and Clearings Institute posted the U.S. dollar exchange rate against the Korean won at 759.90 won per dollar Wednesday, down 0.70 won from Tuesday and the lowest since Jan. 7, 1992, when it stood at 759.30 won.

The rate also represented a plunge of 3.8 percent, or 28.80 won, from 788.70 won at the end of last year.

But at 10:00 AM [0100 GMT], the dollar traded at 760.30 won, up 0.40 won from the institute-posted rate.

The Japanese yen also dipped 3.46 won from Tuesday's rate to 910.61 won per 100 yen.

PRC To Expel NODONG SINMUN Reporter

SK1005063995 Seoul CHUNGANG ILBO in Korean
10 May 95 p 1

[Report by Beijing-based correspondent Mun Il-hyon]

[FBIS Translated Text] It has been learned that the Chinese Government has decided to expel the Beijing-based correspondent of NODONG SINMUN, the organ of the North Korean Workers Party, for violating local laws, and officially informed the North Korean Embassy in Beijing of its decision.

On 9 May, a high-ranking Chinese official said: "NODONG SINMUN's Beijing-based correspondent was exposed as having smuggled bogus antiques into China from North Korea, and the relevant Chinese organization has decided to expel him after consultations."

China used to emphasize blood ties with North Korea in the past. Thus, China's decision to expel the correspondent of the North Korean party's organ, who has a

quasi-diplomat status, is a first since China-North Korea diplomatic relations were established.

In particular, the recent decision came at a time of increasing diplomatic friction between the two countries with North Korea's operation of charter flights between Pyongyang and Taipei and its support of Taiwan's Kaohsiung as the venue for the 2002 Asian Games. As a result, a considerable degree of diplomatic repercussions are expected.

The official noted that upon receiving notice from the Chinese Foreign Ministry on its decision to expel the correspondent, the North Korean Embassy admitted to his illegal act, and asked Chinese authorities not to make the issue a diplomatic one.

The official also revealed that "NODONG SINMUN's correspondent, who has been ordered to leave, remains in Beijing."

Unlike correspondents from Western countries, NODONG SINMUN's Beijing-based correspondent retains a semi-diplomatic status because he is dispatched by the North Korean authorities. A total of three correspondents, including two for the Korean Central News Agency and one for NODONG SINMUN, are stationed at the North Korean Embassy in Beijing for news coverage activities.

'Pragmatism' Predicted in PRC-DPRK Relations

SK0905123995 Seoul CHOSON ILBO in Korean
9 May 95 p 35

[Article by Kim Hyon-ho, assistant director of the Political Department of CHOSON ILBO; Kim In-ku, a research fellow at the Korean Reunification Institute; and reporter Ku Song-chae of CHOSON ILBO's North Korea Team: "North Korea and the PRC Will Likely Pursue Pragmatism"]

[FBIS Translated Text] Following Kim Il-song's death, the death of the PRC's paramount leader, Deng Xiaoping, is imminent. It is predicted that state relations and personal connections between North Korea and the PRC will undergo changes when Deng dies.

Unlike those of the older generation who stressed the "relations forged in blood" between the two countries, those of the "new generation" will likely pursue pragmatism, giving priority to the interests of their own country.

Experts point out that the personal connections between pro-PRC North Koreans and pro-North Korean Chinese have been formed through visits. North Korea and the PRC have so far sent high-level delegations to each other at every important political event. Whenever

tensions prevailed between the two countries, they sent high-ranking officials to ease those tensions.

For example, last year North Korea sent Song Hokyong, vice director of the Workers Party of Korea [WPK] International Department, to the PRC to obtain consent from Beijing for its unilateral disbandment of the Military Armistice Commission. Before establishing diplomatic relations with the ROK in 1992, the PRC sent then-President Yang Shangkun to Pyongyang on Kim Il-sung's 80th birthday, explaining it was inevitable that the PRC would establish diplomatic relations with the ROK and asking North Korea to understand its decision.

Hyon Chun-kuk, director of the WPK International Department, is considered to be a leader among pro-PRC North Koreans. He helped maintain smooth relations between North Korea and the PRC from 1966, when North Korea declared its own independent diplomatic policy amid the PRC-Soviet conflict, to 1977.

Hyon also contributed to improving North Korean-PRC relations, which had undergone a long cooling-off period due to the North Korean expulsion of the Yanan faction, the monolithic ruling system, and Kim Chong-il's succession system. He has so far worked at the International Department and been in charge of diplomacy toward the PRC and the rest of Asia, except when he temporarily worked as editor-in-chief of NODONG SINMUN in 1988.

Hwang Chang-yop, a WPK secretary in charge of ideological affairs, is well reversed in the PRC situation and enjoys close relations with high-ranking PRC officials. He enjoys a close relationship with former CPC General Secretary Zhao Ziyang.

Former Premiers Yi Chong-ol, Yi Kun-mo, and Yon Hyong-muk; Premier Kang Song-san; Vice President Pak Song-chol; Choe Kwang, chief of the Korean People's Army General Staff; and other first-generation revolutionaries maintain close relations with PRC leaders. O Kuk-yol and Cho Myong-nok from the military; WPK Secretary Kim Kuk-tae; and most other second-generation revolutionaries studied in the former Soviet Union, East Germany, or Czechoslovakia. Therefore, they have no special ties with the PRC. Nevertheless, they reportedly are sympathetic to the PRC because they lived in Manchuria when young.

Pro-North Korean Chinese include Zhao Ziyang and other former CPC general secretaries; Liu Huaqing, vice chairman of the CPC Central Military Commission; Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau; Li Ruihuan; and Electronics Industry Minister Hu Qili. It was customary for a CPC general secretary to visit North Korea first

when taking power. Hu Qili, who was a confidante of CPC General Secretary Hu Yaobang, who died in 1989, reportedly has close ties with Kim Chong-il. Kim Chong-il visited the PRC in 1983. At that time, Hu Qili reportedly established close ties with Kim Chong-il while serving as his escort.

Since the ROK and the PRC established diplomatic relations, President Jiang Zemin has reportedly maintained a neutral position in relations between North and South Korea, while Premier Li Peng thinks North Korea is a burden on the PRC on economic grounds.

It would not be incorrect to call senior PRC cadres pro-North Korean even though they have no real power at present, for they had personal relations with Kim Il-sung. They include former President Yang Shangkun; Peng Zhen; Wan Li; Deng Yingchao, wife of Zhou Enlai; and Hong Xuezhi. When visiting the PRC in 1983, Kim Chong-il visited Deng Yingchao's house to meet her. She saw him off at the door when he was leaving, indicating how close they were. Hong Xuezhi reportedly is on good terms with the North Korean leaders because he participated in the Korean War with Peng Dehuai.

Army Ordered on 'Lookout' in DMZ

SK1005034795 Seoul SEOUL SINMUN in Korean
10 May 95 p 1

[FBIS Translated Text] Viewing the North Korean Army as having violated the Armistice Agreement by bringing in crew-served weapons into the DMZ, the Joint Chiefs of Staff on 9 May gave an emergency order to frontline units to mobilize various surveillance equipment to thoroughly be on the lookout for peculiar activity by North Korean troops.

A relevant official of the Joint Chiefs of Staff stated that despite the Armistice Agreement's specification banning any crew-served weapons, except personnel weapons such as pistols and rifles, from being brought into the DMZ, North Korea is reported to have recently deployed crew-served weapons, such as machine guns, to its observation posts. The North Korean observation posts are deployed inside the North side's DMZ, which is 2km away from the Military Demarcation Line.

Noting that "North Korea regards the location of the observation posts inside the DMZ as its first offensive frontline," the official stated that "the North Korean Army has deployed crew-served weapons throughout the entire frontline area."

He went on to say that "such action by North Korea is a violation of the Armistice Agreement as was the act of entering the South side's area south of the Military

Demarcation Line, on two occasions on 19 and 23 April," and that "this is likely to nullify the Armistice Agreement in actuality."

N-S Commodity Exchanges of \$19 Million in Apr
SK0805110095 Seoul YONHAP in English
1020 GMT 8 May 95

[FBIS Transcribed Text] Seoul, May 8 (YONHAP) — Inter-Korean commodity exchanges totaled 19,741,000 dollars in 94 projects in the month of April on an approval basis.

Figures released by the National Unification Board Monday [8 May] showed the April amount represented a decline of 56.4 percent from a month before but a gain of 11.6 percent over the corresponding month of last year.

South-North commodity exchanges in the first four months of this year reached 101,786,000 dollars in 392 cases, up 52.2 percent over the like period of last year.

A board official said the gain was due mainly to a significant rise in the introduction of North Korean gold and zinc ingots and an increase in the shipment of leather, flour, sugar and raw materials for processing on commission to the North.

The April total included 14,786,000 dollars in North Korean items set for introduction into the South and 4,955,000 dollars in South Korean goods to be shipped to the North, according to the figures.

NUB To Allow Flour Barter With DPRK
SK0905134095 Seoul YONHAP in English
1104 GMT 9 May 95

[FBIS Transcribed Text] Seoul, May 9 (YONHAP) — A large amount of flour will be shipped to North Korea in a barter trade this week. It will be the first provision of food grains to North Korea in the history of inter-Korean commodity exchanges.

A National Unification Board [NUB] official said Tuesday [9 May] Kornex Trading Co. of Seoul obtained a board permission to ship 4,423 tons of flour worth 1.04 million dollars to North Korea in a barter trade.

The North Korean item Kornex will accept in exchange of the flour will be 1,000 tons of zinc ingots, he said. The Pyongyang firm Kornex is dealing with in the deal is Eighth Taesong Trading Co.

The government approval of the transaction may represent a change in the government policy of discouraging the shipment of food grains to North Korea for fear of their being used as military provisions.

"Since flour is one of automatic approval items under the law on South-North exchanges and cooperation, we see no reason why we should disapprove of it," a board official said.

The need exists, he said, to drastically expand the shipment of such items to North Korea in the future so that such deals could contribute to spurring South-North commodity exchanges.

A Kornex official said the flour will be loaded into a freighter this week, which will set sail for North Korea as soon as the loading is completed.

N-S Trade Planned in Bottled Water
SK1005014295 Seoul YONHAP in English
0029 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — Spring water bottled in North Korea will soon be marketed in South Korea for the first time.

Semo Co., Ltd. disclosed Wednesday that 723 tons of Sindok spring water is being shipped from the North's Nampo Port to the South's Inchon Port in 1.5- and 18.9-liter bottles and will be sold in the domestic market beginning sometime around May 20.

All import procedures for the mineral water have been completed in the North, but the firm's original plan to market the spring water has been delayed approximately 10 days due to problems involving the South's customs clearance and imported foodstuff sales permission procedures, company officials said.

In the meantime, Green Power Co. has also reportedly concluded a Sindok spring water import contract with the North Koreans. Doosan Beverage Co., Ltd. is promoting the importation of 2,000 tons of Kumgangsan (Mt. Diamond) spring water from North Korea, business sources said.

Miwon Beverage, Inc. is also pushing ahead with the import of Sindok spring water.

Produced in the Sindok region of North Korea, Sindok spring water has been exported to China, Southeast Asia and Japan in large quantities. On the strength of its excellent taste, Sindok spring water was preferred by the late North Korean President Kim Il-song, according to the sources.

Japan-DPRK Ties Depend on U.S.-DPRK Talks
SK1005072495 Seoul YONHAP in English
0659 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — South Korea and Japan agreed Wednesday that the

Japanese Government will take into consideration the developments of the Pyongyang-Washington nuclear talks on the provision of two light-water nuclear reactors to North Korea when proceeding with normalization talks with North Korea, according to a Foreign Ministry official.

During bilateral talks between South Korea and Japan held at the Foreign Ministry ahead of the trilateral talks among South Korea, the United States and Japan, designed to prepare them for the Pyongyang-Washington nuclear talks expected in mid-May, the two sides shared the view that the resumption of an inter-Korean dialogue is essential for the implementation of the Geneva nuclear framework agreement, the official said.

Noting that South Korea and Japan have no differences regarding ways they feel the North Korean nuclear issue should be handled, the official said that the two sides also agreed that South Korea, the United States and Japan will cooperate closely to tackle every possibility during the next round of Pyongyang-Washington talks.

During the bilateral talks between South Korean and Japanese delegations led by Choe Tong-chin, secretary general for the office of planning for the light-water reactor project, and Tetsuya Endo, ambassador in charge of nuclear affairs at the Japanese Foreign Ministry, the Korean delegation introduced to the Japanese the results of the bilateral talks between South Korean and American delegations held Tuesday, the official said.

The official, however, said that the talks with the Japanese and the U.S. delegation addressed ways to confront the North militarily in the event North Korea breaks the agreed framework, adding that "the three countries already have a firm position that they will have an emergency meeting when the need arises for military measures."

[Seoul YONHAP in English at 0758 GMT on 10 May transmits a correction changing the preceding paragraph as follows: "...U.S. delegation addressed measures to take if North Korea breaks..."]

"What's important at the moment is keeping alive the Pyongyang-Washington agreed framework," said the official.

On the timing and venue for the next round of political-level talks between Nuclear Ambassador [title as received] Robert Gallucci of the United States and First Vice Foreign Minister Kang Sok-chu of North Korea, the official said that he understood that Gallucci proposed one or two alternative places as a venue for the Kang-Gallucci talks as the North refused to accept Geneva as the venue.

He, however, refused to elaborate on which places Gallucci proposed as alternatives.

The official said that the Korean Peninsula Energy Development Organization (KEDO) will soon begin operations as the KEDO secretariat secured over 20 staff members and an office building in New York.

Regarding the three-way talks to be held in the Foreign Ministry Wednesday afternoon, the official said that the talks will focus on four major issues including ways to fully implement the Geneva nuclear accord, proceed with the light-water nuclear reactor project, resume an inter-Korean dialogue and begin full KEDO operations.

The trilateral talks, however, will not make any decision concerning those issues but serve as a forum where the three parties may exchange opinions on those issues, the official said.

"The trilateral meeting rather will be an occasion to show consolidation among the three countries ahead of the Kang-Gallucci nuclear talks," said the official. "The meeting will also reaffirm the established positions among the three countries on the light-water nuclear reactor project, in advance of the nuclear talks between Kang and Gallucci."

According to the official who wished to remain anonymous, the three countries will issue a joint statement at the end of the trilateral talks late Wednesday to express any concerns they might have regarding the current situation in which the agreed framework is not being implemented smoothly.

The joint statement will also say that the three countries will continue their efforts to persuade the North to accept South Korean-made nuclear reactors and South Korea's central role in the light-water reactor project, according to the official.

The three countries will also agree that the resumption of a dialogue between South Korea and North Korea and the denuclearization of the Korean peninsula are essential elements for the implementation of the Pyongyang-Washington agreed framework reached last October in Geneva, according to the official.

The statement will also reaffirm that a continued freeze on North Korea's nuclear facilities will be the foundation for the continued nuclear talks with North Korea, he said.

Choe, Gallucci and Endo will give a press conference at 5:30 PM [0830 GMT] following the trilateral talks at the Foreign Ministry. During the news conference they are expected to issue a brief statement on the outcome of the trilateral talks.

Experts on Impact of U.S.-Japan Auto Discord
SK0905031095 Seoul MUNHWA ILBO in Korean
8 May 95 p 8

[Report by Pak Mu-hyop and Song Il-kwon]

[FBIS Translated Text] The U.S.-Japan trade friction over the opening of Japan's automobile market is likely to have an impact on the domestic automobile industry.

Following the rupture in U.S.-Japan automobile negotiations, the United States has worked out a new sanctions plan for imposing retaliatory tariffs of 100 percent against Japanese cars. This being the case, relevant domestic sources observed that this will have both a direct and indirect impact on automobile negotiations between the ROK and the United States.

Dr. Choe Kyu-song of the Kia Economic Research Institute observed that "U.S. complaints over heavy barriers to Japan's market have accumulated, and the current U.S. policy of imposing retaliatory tariffs against Japan aims to expanding not only Japanese markets, but also other Asian markets, including ours." In particular, he pointed out that "the U.S. decision to impose retaliatory tariffs on Japan will likely target high-class automobiles and leisure cars initially, thus domestic automakers who mainly export cheaper cars will see practically no benefit."

Nam Myong-hyon, section chief at Hyundai Auto Industry Research Institute, said: "U.S. retaliatory tariffs against Japanese cars can be interpreted as a multi-purpose offensive strategy against those nations, including the ROK, who export cars to the United States." He expressed his concern that "our automakers may also face similar sanctions as a result."

He added that "unlike European business firms that operate their own sales network, U.S. auto companies use a passive sales method which utilizes the existing sales network of target nations, and this has resulted in friction in countries like Japan. Therefore, there is the possibility that the United States will make an issue of the sales network in our country as it did with Japan."

Han Yong-su, researcher of trade affairs at the Ministry of Trade and Industry, noted that "U.S.-Japan friction in automobile trade was basically brought about by Japan's trade surplus with the United States, which amounts to more than \$65 billion a year. Since the ROK has a trade deficit with the United States, it appears unlikely that the ROK will be directly affected by the U.S.-Japan discord over automobiles, but that it will be indirectly affected by the trade war atmosphere between the United States and Japan."

Prompted by this atmosphere, people are speculating about the effects of the U.S. declaration of retaliation against Japan on ROK-U.S. negotiations on automobile trade. Although it has not been treated as a major issue, in the past the United States has demanded that the ROK lower tariffs on U.S. cars and improve the tax assessment system which is said to be disadvantageous to the United States because it is based on engine displacement.

Exports Benefit From Soaring Yen
MS0905121195 London FINANCIAL TIMES
in English 9 May 95 p 7

[First in series of articles by John Burton, on effects of high yen on Japan's competitors and trading partners: "South Korean Exports Ride The Yen Wave"]

[FBIS Transcribed Text] The rivalry of South Korean and Japanese exporters is written large on the billboards crowding the roadsides of east Asia. In this tough competition for market share, Seoul sees each increase in the yen's strength as an advantage to be exploited.

South Korean exporters of cars, ships, semiconductors, consumer electronics and chemicals are reaping the benefits of the high yen as they undercut Japanese competitors. The Korean won, linked informally to the US dollar, has fallen by 17 per cent against the yen since the start of the year.

Exports are already benefitting from last year's depreciation of the won against the yen. Exports rose 26 per cent in the first quarter of 1995 from a year earlier, according to the Korea Development Institute (KDI), the government's main research agency. Shipments of semiconductors, Korea's biggest export item, grew 70 per cent in the first quarter, and car exports 25 per cent.

The growth in the semiconductor, car and machinery sectors caused Korea's industrial production to climb 19.3 per cent in February, the highest monthly increase since October 1991 and buoyant exports are encouraging companies to expand their industrial production capacity.

An estimated 50 per cent increase in industrial investments by Korea's conglomerates is forcing upward revisions in 1995 economic forecasts. The central bank recently increased its estimate of growth in gross domestic product by a full percentage point to 8.3 per cent.

However, the need to expand industrial capacity to meet the surge in export demand is contributing to inflationary pressure. Moreover, Korea's heavy dependence on Japan for machinery and industrial components to make

export products is likely to lead to a record trade deficit this year. Nonetheless, most analysts believe the advantages of a strong yen outweigh the disadvantages.

"The peak effects of the strong yen will be not be felt until 12 to 24 months from now, which means that the export outlook is bright for the next few years," said Mr Eugene Yun, head of research at Schroder Securities in Seoul. "On the other hand any inflationary disruption is likely to be temporary, while the trade deficit can be narrowed if Korean companies begin sourcing more capital imports from the US or Europe rather than Japan."

KDI predicts that GDP growth will reach 8.5 per cent this year, pipping the 1994 growth rate of 8.4 per cent. The high levels of growth are worrying the government, which considers a growth rate of 7 per cent as the optimum level to keep inflation under control.

The central bank proposed a tighter monetary and fiscal policy, while placing curbs on consumer consumption by restricting credit. A crackdown on consumer buying may exacerbate trade tensions with the US and the EU, which have accused Korea in the past of using anti-consumption campaigns to keep out foreign goods officials regard as "unnecessary and luxurious".

Another serious threat is the ballooning trade deficit caused by higher prices for both Japanese capital imports and raw materials and oil from elsewhere. The Ministry of Trade and Industry says the trade deficit could climb from its earlier estimate of \$9.5bn (5.9bn pounds) to \$20bn this year.

Korea's \$12bn trade deficit with Japan last year exceeded its total trade deficit of \$6.3bn and officials predict that the trade gap with Japan will widen significantly in 1995 because of the strong yen.

Almost every Korean industry, from consumer electronics to cars, relies on Japanese capital imports. Some Korean manufacturers, such as textile companies and producers of camcorders and facsimile machines, are particularly dependent on Japanese parts and equipment. Small and medium-sized Korean companies also tend to base most of their imports and exports on Japan, creating new problems for this vulnerable sector.

To reduce the trade deficit the government is expected to propose measures to wean Korean industry from its dependence on Japanese suppliers.

Some Korean companies must also deal with higher financial costs as a result of the strong yen. Although most overseas corporate debt is denominated in US dollars, a few companies have been heavy borrowers of yen-denominated funds. Pohang Iron and Steel, the Samsung

trading company, Korea Electric Power, Daewoo Electronics, Dong-ah Construction and Ssangyong Heavy Industries all reported net foreign exchange losses last year because of large yen debts.

Arbitration Board Lists 28 'Bad' Foreign Buyers

*SK1005101595 Seoul YONHAP in English
0739 GMT 10 May 95*

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — The Korean Commercial Arbitration Board announced Wednesday [10 May] a list of 28 "bad" foreign buyers who have failed to pay for purchases made from South Korean firms.

Their payments in arrears total 4.5 million U.S. dollars, the board said.

In particular, Evatech Consultant, Ltd., a company from Canada, defaulted on a 118,750-dollar payment for its purchase of cigarette filters from a local firm.

The bad foreign buyers include 11 from the United States and Canada, nine from Europe, six from Asia and two from Africa.

Over the past three months these foreign buyers have failed to respond to the board's inquiries about their failure to make payment for purchases made from South Korean firms, the board said.

It warned that local firms should make a thorough check of foreign buyers' credibility before making deals in order to prevent losses.

Foreign Car Dealers Want Import Curbs Eased

*SK1005101295 Seoul YONHAP in English
0736 GMT 10 May 95*

[By Katherine Yungmee Kim]

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — Despite booming business this year, foreign car distributors at Seoul's first automobile exposition Wednesday [10 May] expressed the impending need for the South Korean Government to further streamline the strict regulations it imposes upon imported automobiles.

However, government officials believe that the current regulations are sufficient, and have no plans to amend their policies.

At the Seoul Motor Show at the Korea Exhibition Center (KOEX), a week-long Expo that ended Wednesday, To-sik Pyon, general sales manager of Han Sung Motor Co., Ltd. the sole distributor of the top-selling Mercedes Benz automobiles, discussed his dismay with the government's tactics to sway the Korean automobile consumers towards buying domestically produced cars.

"If Korean customers purchase our cars, the government is terrible about tax investigations. That's our number one problem. The government is still doing it," Pyon opined.

The sales manager was referring to the tax audits that plague import car owners in Korea, one example of a government anti-import campaign.

However, Kang Sun-chin, deputy director of the Automobile and Shipbuilding Division of the Ministry of International Trade and Industry, denied the allegations, claiming, "Last year, our federal tax organization declared that there is no intention to investigate owners of foreign cars. There is no connection."

Despite the government's insistence that the regulations have been eased, it is well-known that the auto import market access is limited. As Kevin McKinney, executive director of research for the American Chamber of Commerce (AmCham) wrote in the January/February issue of the AMCHAM JOURNAL, "The barriers to Korea's market are not gone, they've just become more subtle and more sophisticated."

Indeed, even at the Seoul Motor Show, Pyon pointed out the disappointing and uncomfortable location for the Foreign Passenger Car Exhibition Hall. The import cars were displayed outside of the KOEX building in an inflatable tent, without air conditioning.

"This is no good," Pyon said, as he looked around the foreign exhibit.

When asked if he thought it was an intentional move by the exhibition planners, he nodded.

The Seoul Motor Show was sponsored by the Ministry of International Trade and Industry, the Ministry of Construction and Transportation, the Ministry of Environment, the Seoul Metropolitan Government, Korea Broadcasting System (KBS) and the Travel-Transport Television Network. The exhibit is also supported by the Korea Automotive Technology Institute and the Korea Society of Automotive Engineers.

But despite the means allegedly exerted to discourage Expo visitors from the foreign car hall, the lines were the longest outside of the tent, indicating that Korean consumers are strongly curious and interested in foreign automobiles.

And despite frugality campaigns, import car sales is a booming business this year.

Pyon proudly affirmed that Mercedes Benz has taken the lead in foreign car sales so far this year, with 391 units in the January to April period, an incredible jump from the 101 units sold during the same period last year.

For the entire year of 1994, Han Sung sold just over 500 units, but their "conservative target" for 1995 is 1000 units and their "aggressive target" is 1200 units.

The Mercedes distributor confided that in 1996, he expects the target to be 2000 units.

Chrysler makes the second most popular line of foreign cars selling in Korea this year, with 352 units over the first four months of this year, compared to the 148 units during same period last year. Their target for this year is an audacious 2000 units, according to Kou Yong, a representative from their office here.

Total import sales are expected to double this year from last year's statistics, and distributors acknowledge that they have to thank last year's eased government regulations for their success.

Last June, the government reduced tariffs from 10 percent to 8 percent, and sales tax for cars over 70 million won was reduced from 15 percent to 2 percent.

But Pyon complained about additional taxes and called for further moves. "I would like to see a smaller duty. Our customers also have to pay a consumer tax and an education tax."

When asked how much the total taxes added up to, Pyon grimly said, "all together, it is 45 percent of the invoice value."

The deputy director at MOTIE [Ministry of Trade, Industry, and Energy] asserted that the tariff rate at 8 percent was very low compared to other countries and that there would be no more changes in the policy throughout the year.

"We have no plans in the future to reduce the tariffs or taxes," Kang stated.

The official, on the other hand, attributed last year's import rate of 0.2 percent in the Korean auto market to the marketing skills of the foreign distributors, rather than on the government regulations.

"Foreign large and luxury cars reached 10 percent of the domestic market," Kang explained. "Foreign car importers do not market small cars in Korea, so the total share of foreign cars is lower, even while the large and luxury car share is high. If they want to increase their share, they need to change their marketing strategy."

Kang further elaborated, saying that the small car demand makes up for 75 to 80 percent of the car market. Since domestically produced small cars are highly competitive, he detailed, the foreign car importers do not want to bring small models into the country.

When asked if there were concerns regarding the pending U.S.-Japan auto war, as the United States has threatened to impose harsh penalties, such as a 100 percent tariff on luxury cars and sanctions, officials were unruffled.

"As you know, last year, our government has taken measures to extend the access of the market, and the United States appreciates our efforts," Kang declared. "There is no risk of a trade war in the automobile market."

An official at the Korea Automobile Manufacturers Association (KAMA) echoed the government's sentiments, "We are not worried about the Americans and Europeans taking any action against us. After all," he said, "our markets are fully open to foreign imports."

Even the dealers were not bothered, as Pyon forecast that there would be no need for a trade dispute.

"In my opinion," he commented, "our government will ease the strict policy on foreign cars. Within one to three years, the government will open everything for the foreign market."

Thai Police Suspect Forger in Passport Thefts

SK0905124595 Seoul YONHAP in English
1150 GMT 9 May 95

[FBIS Transcribed Text] Bangkok, May 9 (YONHAP) — The Thai police, which are looking into the recent theft of tens of South Korean passports here, suspect the culprit could be an organized passport forgery group.

A police officer said Tuesday South Korean passports are one of the highly expensive passports in the underground world, which he said Thai and other Southeast Asian passport forgers are eager to obtain.

He explained this is because the bearer of a South Korean passport finds it easier to enter Japan than the possessors of other Asian countries' passports.

"After changing personal entries on stolen South Korean passports, they sell them to would-be stowaways to Japan at high prices," the officer said.

He said many Asian women, for instance, wish to work as waitresses in Tokyo or elsewhere in Japan to make money, but there is virtually no way for them to legally enter Japan.

South Korean passports sell at about 1,500 dollars each in Bangkok, the officer added.

Tuna Fishermen Detained in Maldives

SK1005101195 Seoul YONHAP in English
0703 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — A South Korean tuna-fishing boat carrying 21 fishermen, including 11 Koreans, has been detained by the maritime police of the Maldives for over one month for allegedly violating the territorial waters of the Indian Ocean state, Foreign Ministry spokesman Yu Kwang-sok said Wednesday [10 May].

The maritime police of the Maldives informed the Ministry of Foreign Affairs on May 3 that the Posongho No. 75 was fined 426,000 U.S. dollars and that the skipper of the boat is subject to criminal charges for allegedly violating the exclusive economic zone of the Maldives, the spokesman said.

Ambassador Hong Chong-pyo to Sri Lanka, who concurrently handles the country's affairs with the Maldives, will leave for the Maldives next week to seek a political solution to the capture of the Korean fishing boat by visiting the president and other officials of the Maldives, Yu said.

The owner of the fishing boat has sent a lawyer to the Maldives and South Korean Embassy staff members in Sri Lanka have been making efforts for the past month to settle the case, but have not met with any success, according to Yu.

DP Internal Conflict Over Governors Race

SK0905061695 Seoul THE KOREA TIMES in English
9 May 95 p 2

[By staff reporter Sin Hak-nim]

[FBIS Transcribed Text] Leaders of the opposition Democratic Party (DP) yesterday exposed sharp differences discussing in an open way who the party's candidate for the Kyonggi governor election will be and how he or she will be chosen.

The parties at odds are DP President Yi Ki-taek and followers of de facto leader Kim Tae-chung.

Leaders of both cliques are attempting to expand their power bases by fielding their associate as candidate for the Kyonggi governor election, which is expected to be the hottest contest in the upcoming local election behind the Seoul mayoral poll.

Gubernatorial hopefuls of the main opposition party are standing advisor Rep. Yi Chong-chan and Rep. Chang Kyong-u, chairman of the Assembly Communications-Science-Technology Committee.

The mainstream Tonggyo-tong faction composed of followers of Kim Tae-chung is seeking to field Rep. Yi without subjecting him to a competitive vote, while Rep. Chang, an associate of Rep. Yi, is backed by party President Yi.

The conflict between DP President Yi and proteges of Kim Tae-chung is becoming hotter and hotter as both cliques showed no signs of making concessions.

Riding on mounting calls for fair competition, DP President Yi is trumpeting a competitive vote for the nomination of the DP candidate, but his intra-party influence is overwhelmed by the Tonggyo-tong faction, the largest "shareholder."

Insisting on Rep. Yi Chong-chan, Kim Tae-chung's followers, for their part, claim that Yi is the only one that can defeat the ruling party's nominee Rep. Yi In-che, a confidant of President Kim Yong-sam, who was chosen through a rare competitive vote last week.

Yi Ki-taek, for his part, asserts that Rep. Chang is in a more advantageous position than Rep. Yi because the former is from Kyonggi province while Rep. Yi Chong-chan's district is in Seoul.

In a meeting of vice presidents and advisors, including advisor Rep. Yi Chong-chan, yesterday, party President Yi and followers of Kim Tae-chung engaged in a verbal war over the choice of the nominee for the Kyonggi governor election.

Vice President Rep. Kwon No-kap, a 65-year-old protege of Kim Tae-chung, told the meeting that the party needs to field a more promising candidate for the Kyonggi governor election in order to create an "opposition boom" in Seoul and in Kyonggi-to province surrounding the metropolitan city.

He then suggested that a popularity poll be conducted to determine who is the more promising candidate between the two hopefuls, Reps. Yi and Chang.

"It is regrettable that such a position is being misunderstood as a factional conflict," Kwon was quoted as saying.

Party President Yi pointed out that things are going in the wrong direction in connection with the in-house nomination for the June 27 local elections, apparently referring to an attempt by Kwon and key followers of Kim Tae-chung to scuttle a competitive vote for Rep. Yi Chong-chan.

The party president then reaffirmed his position to push for the competitive vote as provided by the party charter and regulations.

Yi is determined to stick to his position, encouraged by the fact that Kim Song-hun, a former professor at Chungang University, recruited by Kim Tae-chung and his followers, was defeated by former vice Assembly speaker Ho Kyong-man in a vote for the party's ticket for the Chollanam-to governor election Saturday.

As Yi and proteges of Kim Tae-chung showed no signs of reconciliation in the meeting, a neutral vice president suggested that behind-the-scenes discussions be held among the parties involved in order to avert an unnecessary in-house conflict.

Party President Yi consented to the suggestion, hoping that after Kim Tae-chung returns home Friday from his U.S. visit, the issue will be settled.

Burma

Lao President Continues Rangoon Visit

Delivers Banquet Speech

*BK0905153095 Rangoon TV Myanmar Network
in Burmese 1330 GMT 8 May 95*

[Speech by Lao President Nourak Phoumsavan at banquet in his honor in Rangoon's People's Assembly Building in Rangoon on 8 May — read by announcer]

[FBIS Translated Text] Excellency Senior General Than Shwe and Madame and distinguished ladies and gentlemen: My wife and I are most delighted to have the opportunity to visit the Union of Myanmar [Burma] — this beautiful land of our close neighbor.

We would first like to thank Your Excellency the Chairman and Madame, the government and the fraternal people of Myanmar for the cordial hospitality and for the honor given to our delegation from the first minute of our arrival and I would like to especially thank Your Excellency the Chairman for hosting this lively welcome dinner in our honor tonight.

I am profoundly touched by Your Excellency's kind words about the fine and long standing tradition of goodneighborly relations between the peoples of our two nations and the determined willingness of the Government of Myanmar to further continue on this consolidation of our bilateral relations and cooperation in various fields. I take this solemn opportunity to convey the salutations, the esteem, and sincere affection of the Lao Government and people to Your Excellency, the government and the people of Myanmar.

Excellency: Forty years ago, I visited Yangon [Rangoon] twice representing the newly formed Lao Patriotic Front. The government and the people of Myanmar at that time adopted a position, which supported the struggle for the independence and national concord of the Lao people, by giving us all help and facilities that we always keep in our memory. On this visit, we are quite impressed by the hospitality and friendship of the people of Myanmar, which is clearly shown on the smiling faces of the inhabitants of Yangon.

Upon the arrival of our delegation, we felt we had arrived in the home of a close relative. Through the talks we held with His Excellency Senior General Than Shwe, His Excellency Lieutenant General Khin Nyunt, and other State Law and Order Restoration Council [SLORC] leaders of the Union of Myanmar, we came to better understand successes achieved by the Government of Myanmar in its implementation of open-door economic policy and endeavor for national development. To be frank, Yangon nowadays is far

more prosperous than the Yangon I used to know in the past. These facts illustrate that the people of Myanmar have a long tradition of hardworking and innovation in the development of their nation according to the country's concrete conditions. May I wish the fraternal people of Myanmar under the leadership of the SLORC and Chairman Sr. Gen. Than Shwe more happiness and prosperity.

Excellency: During the last 20 years, we have also achieved significant success in the national development. The Lao people are now continuing to strengthen the nation's patriotic tradition and solidarity in implementing the party and government reform policy. In this process, we concentrate all our efforts in transforming the outdated agriculture, which is heavily dependent on natural conditions to produce enough foodstuff for consumption and for export. We also focus on building our industry and necessary infrastructure and especially the construction of hydropower dams and communication network. Our government has decided to promote all the economic factors of the country to continue with the economic reform according to the market mechanism and to enlarge the cooperation with all countries, especially with neighboring countries on the basis of Five Principles of Peaceful Coexistence.

This is not only to serve our own national interests, but it is aimed at contributing toward peace and stability and cooperation in Southeast Asia and in the world. Being a signatory to the Bali Treaty and an observer of ASEAN, we are making every effort in participating in all activities of this association and preparing all conditions for our joining ASEAN in the future.

Excellency: I note with the satisfaction that our two countries border on each other and also share many similarities in history, culture, and religion. Consequently, the Lao and Myanmar people enjoy profound friendship and mutual affection and help. This fine tradition has been progressively developed with significant returns in the history of our relationship through state visits made by Lao Prime Minister Khamtai Siphandon in early 1992 and delegation of the Union of Myanmar led by His Excellency Sr. Gen. Than Shwe to our country in 1994.

Thanks to the exchange of visits of top-ranking delegations, the two sides succeeded in signing of several agreements of fundamental importance for the short and long-term relationship and cooperation between our two countries, such as the Lao-Myanmar Treaty on the Delimitation of Permanent Boundary.

His Excellency Sr. Gen. Than Shwe and I also witnessed this afternoon the signing of several agreements and of the minutes of the first meeting of the Lao-Myanmar

Joint Commission for Bilateral Cooperation. On behalf of the Lao Government and people, may I express our sincere thanks to the government and the people of Myanmar for providing us with invaluable support and help.

On this occasion, I would like to reaffirm that the Lao People's Democratic Republic is firmly determined to continue with its consistent policy of consolidating the good neighborly relations and cooperation with the Union of Myanmar on the basis of equality and mutual benefit.

On this auspicious occasion of friendly atmosphere, I invite all the distinguished guests to join me in a toast to a lasting friendship and cooperation between the Lao People's Democratic Republic and the Union of Myanmar; the good health and personal well-being of His Excellency Sr. Gen. Than Shwe and Madame and the good health and success of the distinguished ladies and gentlemen present at this dinner.

Than Shwe Delivers Speech

BK0905151995 Rangoon TV Myanmar Network
in Burmese 1330 GMT 8 May 95

[Speech by Senior General Than Shwe, chairman of the State Law and Order Restoration Council, at a banquet in honor of visiting Lao President Nourak Phoumsavan in the People's Assembly Building in Rangoon on 8 May — read by announcer]

[FBIS Translated Text] Excellency President and Madame Phoumsavan, distinguished guests, and friends: It is a pleasure and honor for my wife and myself to welcome Your Excellency and Madame Phoumsavan in our midst this evening, and I wish also to extend the most cordial welcome to the distinguished members of Your Excellency's delegation.

We are delighted for this opportunity to reciprocate the warm hospitality and goodwill kindly extended to us during our visit to your beautiful country last year.

Excellency: A new chapter in history of our bilateral relations has been established with Prime Minister Khamtai Siphandon's visit to Myanmar [Burma] in 1992 and your kind invitation to us that rendered possible my goodwill visit to Laos in 1994 and Your Excellency's presence here tonight, which illustrates the words: A friend in need is a friend indeed. The similar experience in the histories of our country and the shared traditional values and culture have enriched the spirit of kinship between the two countries. This has in turn led to the further consolidation of friendship and cooperation between the two countries and we are sincerely grateful to our friend and neighbor, Laos, for the kind support

and understanding extended to us in our effort to contribute toward peace and stability in the region. The close cooperation between our two countries at various levels is evident in many domains, especially during the years after the State Law and Order Restoration Council [SLORC] had assumed the state responsibilities in Myanmar.

Collaboration between Laos and Myanmar has expanded in the fields of sharing expertise and technology, agriculture, forestry, and construction as well as the religious domain, and also in the consolidation of subregional cooperation in the fight against narcotic drugs. The symbol of the cooperation between Myanmar and Laos will be always enshrined in the Myanmar-Laos Boundary Treaty concluded and signed during my visit to Laos last year. The essence of consolidated cooperation can be found in the Treaty of the Myanmar-Laos Joint Commission and the Treaty for Cooperation in Tourism. I firmly believe that continued sharing of the experience and technology will contribute positively toward the further strengthening of the existing atmosphere of friendship, cooperation, and understanding between our two countries.

Excellency: You will find Myanmar in a process of implementing a systematic transition toward a peaceful and prosperous state. To accomplish the task of building a stable, modern state, we are trying to fulfill the objectives set for the political, economic, and social fields.

In the political field, we are paving the way for the emergence of the enduring constitution for all the people of Myanmar to our effort for national reconciliation and the prevalence of law and order. Achieving these political aims will ensure the foundation for a modern and prosperous state. A significant result of our effort in this field is the return of as many as 14 armed groups to the legal fold.

In the implementation of our new system of market economy, development is being encouraged in all important sectors of the economy, especially in increasing the existing enormous potential of our agricultural sector, which is in fact the mainstay of our economy. Attempts are being made to attract foreign investment as well as from local entrepreneurs. To this end, previous laws and regulations have been revised and upgraded.

Steps have also been taken for the proper utilization of both domestic and foreign capital. Development and progress in the social domain is also important, and we are doing our best to preserve our cultural heritage and uphold the patriotic spirit of the Myanmar people. To accomplish this objective, physical and moral fitness is

being promoted for the cultivation of our national spirit and moral values.

Excellency: In the changing international events, the Southeast Asia region has a positive role to play with greater opportunities to build the sound working relationship through mutual trust and interdependence. We in Southeast Asia must work together to reach our shared goal of regional peace and stability. With the achievement of harmonious and balanced relationship between the nations of Southeast Asia, we will all be able to enjoy the success of the regional confidence we have established. For this, I am convinced that sharing experience, know-how, and technology is essential.

Myanmar and Laos already share many interests and ambitions — most significantly, our foreign policy based on the Five Principles of Peaceful Coexistence. Guided by these fundamental principles, mutual goodwill, and cooperation between friends and neighbors in the region will contribute most positively toward further progress and development in the region, which is moving forward to a new century and a new era of regional confidence.

Excellency, distinguished guests, and friends: May I now invite you to join me in a toast to the lasting friendship between the Union of Myanmar and the Lao People's Democratic Republic; to the health and well-being of His Excellency the President of the Lao People's Democratic Republic and Madame Phoumsavan; and to the health and well-being of all the distinguished guests present here tonight.

Defense Ministry Updates Thai Border Situation

BK0905165395 Rangoon Radio Myanmar in Burmese 1330 GMT 9 May 95

[FBIS Translated Text] The Defense Ministry held a news conference at 0900 this morning at the Myanmar [Burma] Television and Broadcasting Department Hall on the prevailing situation along the Thai-Myanmar border; the conflict between the DKBO [Democratic Karen Buddhist Organization] and the KNU [Karen National Union]; and the seizure of base camps belonging to Khun Sa, the opium trafficking bandit and terrorist insurgent.

Brigadier General Aung Thein, deputy leader of the State Law and Order Restoration Council's Information Committee and director of public relations and psychological warfare, gave a preliminary explanation on the reasons for holding the news conference.

Next, Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence [DDSI], explained that the Myanmar-Thai border is 2,096 km long,

with dense jungles and rugged terrain. This is why various terrorist insurgent organizations have dwelled in the border region for many years, shielded by thick forests and depending on Thailand.

One of the terrorist insurgent groups active along the Thai-Myanmar border — Khun Sa's opium trafficking terrorist insurgent group MTA, the Muang Tai Army — has been active in Myanmar's Shan State and along the Thai border. Other insurgent groups — the KNU, or Karen National Union; the NCUB, or National Council of the Union of Burma; the DAB, or Democratic Alliance of Burma; the NCGUB, or National Coalition Government of the Union of Burma; the NDF, or National Democratic Front; the NLD-LA, or National League for Democracy-Liberated Area; the ABSDF, or All Burma Students' Democratic Front; the ABMU, or All Burma Muslim Union; the MLO, or Muslim Liberation Organization; the BCP [Burma Communist Party]-Tenasserim Region; the DPA, or Democratic Patriotic Army; the NMSP, or New Mon State Party; and the ALP, or Arakan Liberation Party — have also been based along the Thai border and have engaged in opposition activities against Myanmar.

Some opposition groups — the ONSOB, or Overseas National Students of Burma; the ADSB, or Alliance for Democratic Solidarity, Union of Burma; and the CRDB, or Committee for Restoration of Democracy in Burma; have bases in Bangkok and Chiang Mai in Thailand. They have engaged in destructive activities — terrorist acts and various other acts — against Myanmar while depending on Thailand. The terrorist organizations have built bases — big and small — and have dwelled along the Thai-Myanmar border. Moreover, various insurgents have been residing in Thailand at more than 30 so-called refugee camps. Opium warlord Khun Sa's followers attacked Tachilek on 20 March 1995 via Mae Sai, Thailand. Our Defense Services have attacked the bases of Khun Sa's drug trafficking bandits at Mong Kyut, Mong Hta, Mong Hta, West Tachilek, Phattumein, Bagyan, Lwehan, and Kaunghmu. We know that reinforcements for the drug traffickers — manpower, arms, and ammunition — have been sent to Homein and Lwelan via (Mae Salung) and (Mae Heintet) in Thailand.

Regarding the DKBO, they were once KNU members. They split from the KNU because of KNU leader Bo Mya's lack of leadership, his bias, and his lack of vision. The KNU has not returned to the legal fold; it only has contacts with the Defense Services. After attacking the former KNU camps, DKBO forces have been repatriating their families to the Myainggyingu region. DKBO families who have been living in so-called refugee camps in Thailand are returning to our

country. The numbers have reached about 10,000. The KNU's Bo Mya does not want the DKBO families to return to our country. Bo Mya, who was unable to defeat the DKBO, has been collaborating with the Thai supervisors at the refugee camps and has prohibited the Karen refugees from returning to Myanmar. The DKBO, in coordination with the camp supervisors, gently tried to persuade the refugees to return home but were attacked by Bo Mya's followers in the camp. It has been learned that the DKBO finally resorted to guerrilla tactics and abducted some KNU leaders from the refugee camps. These problems have arisen because of the split in the KNU.

We heard through foreign news broadcasts that DKBO members and the Thai armed forces have engaged in clashes. On 1 May 1995, 24 82-mm rounds were fired from (Htwebawlu) village in Thailand into the Manerplaw camp in Myanmar. At 1015 on 4 May 1995, four rockets were fired from a rocket launcher on a military helicopter on the Thai side into the Thumwehta Monastery. At 1100, two military helicopters from the Thai side fired another three rockets at the Thumwehta Monastery, injuring 15 innocent people in Thumwehta and burning down six houses.

In reality, these problems are the result of the split within the KNU, who have resided in Thailand for a long time. The Myanmar Government is in no way involved in these problems and has never supported any organization that is opposed to friendly neighboring countries. It is evident that Myanmar strictly adheres to the Five Principles of Peaceful Coexistence of Bandung — bilateral respect for stability and sovereignty, refraining from aggression against another country, not interfering in another country's internal affairs, equality and mutual benefit, and coexisting peacefully.

The problems along the Thai-Myanmar border have occurred because, for various reasons, Thailand has admitted terrorist organizations opposed to Myanmar. We feel that similar problems will arise if Thailand continues to give refuge to terrorist insurgent organizations. In its relations with other countries, Myanmar has overlooked past grievances. In accordance with the slogan of bridging enmity and prolonging amity, it has always given consideration to bilateral goodwill. If Thailand had acted in the same way, we believe there would never have been any problems between the two countries. There is mutual respect and understanding between the Thai and Myanmar armed forces and relations have been friendly and cordial. Finally, if Thailand had not allowed the terrorist insurgents opposed to Myanmar to reside and travel in Thailand, we believe no problems would exist between Thailand and Myanmar.

DDSI Deputy Director Col. Kyaw Win and Lieutenant Col. Kyaw Thein, acting chief of strategic studies of the Defense Ministry, answered questions raised by local and foreign journalists and military attaches. The news conference ended at 1025.

Overview of Nation's Internal Insurgency

BK0905160795 Rangoon Radio Myanmar in Burmese
1140 GMT 7 May 95

[Part 1 of article by Po Khwar from 7 May issue of MYANMA ALIN and KYEMON: "The Country on the Other Side"]

[FBIS Translated Text] A conflict developed between KNU [Karen National Union] rank and file and senior members of the KNU Central General Headquarters during December 1994 over religious issues. The KNU Central Headquarters used force and brutally attacked and suppressed the subordinates who retaliated when they could no longer tolerate. Subsequently, the DKBO [Democratic Karen Buddhist Organization] and the DKBA [Democratic Karen Buddhist Army] were formed.

When the conflict developed, the Defense Services were observing the unilateral cease-fire. The cease-fire observed since 28 April 1992 did not bring any significant result. Nga Mya [derogatory reference to General Bo Mya of the KNU] was not interested in peace and conducted 100 attacks against the Defense Services. The split within the KNU developed while the Defense Services waited and endured. Meanwhile, the DKBO and local Karen people sought assistance from the Defense Services and demanded to attack the KNU. The DKBO believed that the Karen State would achieve peace only when the KNU no longer existed. The Defense Services then decided to give assistance to the DKBO and the senior Defense Services officials had publicly declared that necessary assistance was given. On 27 January 1995 the Central Headquarters of the KNU in Manerplaw fell, and it was followed by subsequent fall of KNU camps along the border in Karen and Kayah States. The last of the well-fortified KNU camps, Kawmura or New Wakha, fell on 11 February.

The problem of internal insurgency is the greatest danger to Myanmar [Burma], and this problem has lasted as long as the country's independence. Governments in the past had resorted to various methods. Under the administration of the State Law and Order Restoration Council, 14 armed organizations, the latest being the Karenni National Progressive Party, had signed peace agreements and returned to the legal fold. Who else remained in the

jungles? Nga Mya's KNU and the opium bandit group of Khun Sa along the Thai-Myanmar border.

Myanmar has always traditionally regarded the issue of insurgency as an internal problem. Some foreign broadcasting stations are claiming that armed forces from Myanmar are intruding into Thai territory and attacking refugee camps. These foreign broadcasting stations have always stood on the side of the KNU and the exiles. Bad mouthing about Myanmar is nothing new to them. The meaning of their claim would change if one studies the background of the so-called refugee camps in Thailand. What the Myanmar people understand as refugees are those who do not have food, clothes and shelter.

There are three categories of refugees in Thailand. The first category is the KNU armed insurgents themselves who fled to Thailand to seek refuge after their military defeat. They settle down securely in Thailand, and they wear the mask of refugees, but they are capable of military threat to Myanmar. If they are suffering it is of their own making. The Defense Services will not grovel at the feet of the KNU insurgents out of sympathy.

The second category is composed of KNU family members who were kept in Thailand because they feel they are under threat of attack from the Defense Services if they live with the KNU members. It is nothing new that they suffer because they belong to the KNU circles.

The third category can be described as a new kind of refugee and is composed of villagers who were forcefully relocated by the KNU's. They left their homes and villages unwillingly. When the DKBO was founded and a revolt took place, the three categories of refugees were further split into two. The first category composed of KNU refugees split into DKBA forces and KNU forces. The KNU members freely carried arms and lived in Thailand even before the formation of DKBA. The DKBO is composed of former KNU members who once freely carried arms and moved about Thailand. It cannot be said that it is something new that DKBO members carried arms and moved about in Thailand. It is believed that if the KNU members have the right to bear arms and live in Thailand, the DKBA members have the same right. Why should there be discrimination if it is claimed Karen refugees are accepted in Thailand?

The second category also split into two — KNU family members and DKBA members. There are KNU family members and DKBA members in refugee camps inside Thailand. The DKBA members want to call back their family members, but were not allowed to do so by armed KNU members who guard the refugee camps. The DKBA family members have become hostages. Nga Mya had ordered that they would be shot if they flee

toward Myanmar. The DKBA members are raiding the refugee camps to bring back their family members.

The same situation faces the refugees of the third category — villagers. The Buddhists do not wish to live in the refugee camps due to discrimination against Buddhists. That is why they are fleeing. The KNU has issued the order to shoot those who flee. The DKBA members use force in bringing them back. The problem is between the DKBA and the KNU. When the Defense Services were fighting the KNU, the KNU was not attacked inside the Thai territory. Burma did not intrude inside the territory of another country and tolerated the situation. When the KNU and the DKBA and KNU fought, it did not take place only in Myanmar, but also spilled into Thailand. The culprit is not Myanmar. Why does Thailand openly accept the KNU forces? Myanmar has refined manners and uses the term, the country on the other side, when problem arises with a neighboring country. Such term was used so as not to offend the other party although it was at fault. Now, the cultured manner of using the term, the country on the other side, is in vain.

Cambodia

Hun Sen Criticizes UN Special Envoy's Report

*BK0905131895 Phnom Penh National Radio of Cambodia Network in Cambodian
1100 GMT 9 May 95*

[FBIS Translated Text] Samdech Hun Sen, second prime minister of the Kingdom of Cambodia, has straightforwardly asked UN Undersecretary General Marrack Goulding to inform UN Secretary General Butrus Butrus-Ghali that we are unhappy with Dr. Michael Kirby — the UN special envoy for human rights, a lawyer, and a chief justice — for preparing a false report on Cambodia.

The samdech prime minister emphatically asked how Kirby — the UN special envoy for human rights, a chief justice, and a judge — could mete out a sentence in which he pronounced judgment himself, without consulting the litigants beforehand. He dictated a decision himself. This makes us very unhappy with him. His action came without mutual understanding.

Samdech Hun Sen added that if Kirby wants to maintain contact with Cambodia, he should moderate his attitude a bit and never act like this again. As the Royal Government of Cambodia [RGC] acts in partnership with him, cooperation should be implemented effectively. Anyway, he added, the United Nations should clearly understand that Cambodia is one of its natural children, so if the son is naughty the father is naughty as well.

The second prime minister said we do not want to be overpraised or underestimated; we want only fairness. Last year, a report circulated in Geneva said the RGC wanted to assassinate MP's. The RGC knew nothing about this. As a matter of fact, this issue never existed. Once the report arrived there, it was very difficult to correct. Therefore, the proposal to meet every three months and the yearly consultative discussion to adjust the report before it is finalized are very good propositions.

The samdech second prime minister explained to Marrack Goulding that Cambodia does not want the world to put it in the same basket with Rwanda, Haiti, or Iraq, where barbaric human rights violations have been reported. This problem is finished in Cambodia.

Samdech Hun Sen made this statement at a meeting with Marrack Goulding at the Council of Ministers office on the afternoon of 4 May.

Ranariddh Promoting Two-Party Cooperation

BK0905151695 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 8-9 May 95 pp 1, 11

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister, said that Cambodia's policy is being implemented well with cooperation between our two parties, namely FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Cambodian People's Party in the National Assembly and in the Royal Government. He asked all friendly countries, when meeting with the two parties' leaders, to urge the two parties to cooperate because this is the only point that could provide political stability to the Kingdom of Cambodia. Without political stability Cambodia absolutely cannot talk about other developments.

The prince krompreah said this after receiving Dr Krasae Chanawong, Thai foreign minister, on 6 May at the Chamka Mon state palace. The prince krompreah further said there was no problem at the meeting with the Thai foreign minister. On the contrary, we discussed the issue of providing assistance and cooperation between the two countries in the fields that are specifically stated in the agenda of the Cambodian-Thai joint commission.

The prince krompreah further said that on the issue of opening permanent border passes, the Royal Government of Cambodia [RGC] has proposed opening four checkpoints; the Royal Thai Government has already agreed to two. We proposed opening three border passes, namely at Poipet, Koh Kong, and O Smach. The Thai side has already agreed to this.

The prince krompreah further said the we continue to welcome Thai businessmen and investors who want to do business in Cambodia. We do not think of having Malaysia as the only trade partner; we want to be the partner of Thailand, Singapore, Indonesia, and so on. Such a statement does not mean that this is an attempt by the Royal Government to avoid Thailand's misunderstanding that Cambodia wants to trade only with Malaysia and not Thailand. However, it should be stressed that Cambodia has full sovereignty; we do what we want. We have to tell others whatever is not true; we should not be afraid.

The prince krompreah further said that the Thai cabinet recently allocated a budget of 41 million baht [Thai currency] to the RGC to assist in the two countries' cooperation in the fields of education, public health, infrastructure, and agricultural development. He further said that in the rehabilitation and development of the country, Thailand could play a great role because it has a lot of experience in agriculture. Therefore, we should ask Thailand for maximum assistance in the agriculture sector.

The prince krompreah also showed that the atmosphere of the meeting was very good. If it is not 100-percent good, it can be at least said that the relations between our two countries have moved forward, particularly following the visit by Samdech Hun Sen to Thailand. Therefore, this can also be considered as an RGC's success.

He further said that as Cambodians we should realize what should be done with neighboring countries. We should have good cooperation with Thailand, Laos, and Vietnam, who are our neighbors, to jointly build and develop the country.

Li Thuch Denies Removal From Office

BK1005064695 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 10 May 95 pp 1, 2

[FBIS Translated Text] A rumor that Li Thuch will be removed from his post as the chief of the office of Prince Krompreah Norodom Ranariddh has been spread simultaneously with the reports on the dismissal of Sam Rangsi from his post as member of the National Assembly from the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party and some provincial and municipal governors who are members of this party. According to analysts, his removal is aimed at dealing with the internal crisis of the FUNCINPEC Party.

Li Thuch told REAKSMEI KAMPUCHEA at his office on the afternoon of 8 May that: "I am still the chief of

the office of Prince Krompreah Norodom Ranariddh, first prime minister; his adviser; and the under state secretary for the environment".

Li Thuch stressed that he had never received any report that the prince wants to remove him from office. He added: "Of late, such rumors have often been spread".

Li Thuch termed such a rumor as a provocation or an attempt to undermine the FUNCINPEC's influence and, in particular, "to stir up distrust among FUNCINPEC members, which will lead them toward discord". He said "Those who are spreading such a rumor are the people who have all along opposed the FUNCINPEC Party". In particular, they are trying to upset the political stability between the two big parties, which are cooperating splendidly.

It should be recalled that the PHNOM PENH POST in its early May issue reported that the FUNCINPEC was instituting a change by removing Sam Rangsi from the National Assembly. This newspaper also noted the possibility that two other members of this party would be removed from their posts. They are Thoam Bunsrun, governor of Sihanoukville; and Toan Chay, governor of Siem Reap Province. In its report, the PHNOM PENH POST did not mention Li Thuch's removal. However, the rumor of Li Thuch's possible removal has been spread from the outside.

Khmer Rouge Stance on Land Ownership Noted

BK0905151395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 May 95

["Press communique" issued by the Provisional Government of National Union and National Salvation on 8 May; place not given]

[FBIS Translated Text] I. On Monday 8 May 1995, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held a plenary session under the chairmanship of His Excellency Khieu Samphan, prime minister, to discuss the issue of land expropriated from the people and peasants by the communist Vietnamese aggressors, over 4 million Vietnamese, and the traitorous two-headed administration.

II. Cambodia is an agricultural country. Over 85 percent of the population, or over 7 million people, are peasants living in rural areas with each family possessing land. Cambodian peasants have a history and experience in working the land to feed themselves and the entire country for thousands of years. The 7 million peasants are a mighty force providing support for the national economy and budget, defense, and construction.

III. The war of aggression and race extermination of communist Vietnam between the end of 1978 and 1991, and carried on to this day by UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-headed government, has sowed great destruction on the entire Cambodian nation and people, particularly on the people and peasants. The latter have been skinned alive and their farmland expropriated. The people and peasants have lost millions of hectares of land and rice fields. First, the land was annexed by the communist Vietnamese aggressors along the eastern border. Second, the land was taken over by over 4 million Vietnamese flowing into Cambodia's hinterland. Third, the land was plundered and expropriated by the administration of the communist Vietnam's puppets. Fourth, the traitorous two-headed government confiscated land from the people and sold it to foreign companies.

Chronic famine has been spreading and threatening the lives of the people and peasants nationwide, in rural areas and cities, since 1979. This is a direct consequence of the war of aggression and race extermination of communist Vietnam resulting in the loss of land by peasants caused by the administration of the communist Vietnam's puppets, the two-headed government, and over 4 million Vietnamese.

Communist Vietnam, the two-headed government, and the villainous alliance collaborate to wage a military, political, economic, and psychological war to destroy the peasants' force, and through this, annihilate the nation and race to prevent the latter from fighting back. This is in accordance with their respective political, economic, strategic, and territorial interests.

However, they have failed. They have been beaten, one defeat after another, through a struggle with resolute will of the peasants in cooperation with the nationalist resistance forces, and the entire Cambodian nation and people.

IV. PGNUNS and the National Unity Party absolutely oppose and vehemently and firmly denounce the above great criminal, murderous, genocidal, and barbarous acts. Experience from the struggle by generations of our nation and people has clearly shown and confirmed that peasants can live and defend their land because they have solidarity, unite in the struggle, and cooperate with the entire nation and people to struggle.

Peasants have a mighty force. When they unite, they are very powerful. Who defeated the U.S. imperialists in the first war of aggression? It was the peasants, in cooperation with all national forces and the entire people. The peasants cooperated with all national forces and the people in defeating the communist Vietnamese aggressors. They did the same in defeating UNTAC

and the alliance. In defeating the traitorous two-headed government and pushing the latter toward complete disintegration, the peasants cooperate with the entire nation and people, inside and outside the country. Peasants are engaged in a just struggle when they unite and pool their resources to defend and take back land from the communist Vietnamese administration, the traitorous two-headed government, and Vietnamese. It is a just struggle, because it is in accordance with the interest to defend and safeguard the nation, people, and race.

PGNUNS and the National Unity Party firmly and absolutely assist and support the peasants' struggle to demand, take back, and protect their land. PGNUNS and the National Unity Party would like to officially and solemnly reaffirm their firm and persistent policy on the land issue.

1. Peasants have land ownership rights;
2. Peasants have the right to defend their land;
3. Land that has been annexed by the communist Vietnamese aggressors along the land and maritime borders, sea, islands, and farmland, lakes, and rivers in Cambodia's hinterland that have been taken over from the Cambodian nation and people by over 4 million Vietnamese should be returned to their owners, the Cambodian nation and people.
4. Land that has been plundered and expropriated by the administration of the communist Vietnam's puppets and the two-headed government and sold to foreigners should be returned to the nation and people;
5. Foreigners have no land ownership rights in Cambodia.

It should be specified that these positions are clearly and amply stated in the political program of the National Union Party.

IV. All relevant authorities of PGNUNS and committees in all provinces accept this directive for firm and strict implementation of the above political stance with a spirit of lofty sense of responsibility and a close cooperation with peasants and the entire Cambodian nation and people.

8 May 1995

Results of Attacks Near Battambang Reported

BK0905142595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 9 May 95

[FBIS Translated Text] The following is the results of the attacks on the traitorous two-headed troops

and civilian administrators on the battlefields around Battambang town:

1. The West Battambang battlefield:

On 1 May, our National Army sniped at the enemy positions at Turnup Thmei and Boeng Toch, killing an enemy soldier and wounding three others.

On 4 May, two enemy soldiers were killed and another wounded when they were attacked at the positions of Prey Khpuos, Boh Reang, and Kbal Thnal and when they stepped on our punji stakes and one of our land mines.

On the night of 5 May, we attacked the enemies at the positions of (Tang Chheu), Prey Svay, and Bavel, killing two enemy soldiers and wounding five others and destroying three residences of the cruel two-headed administrators. The army and people also managed to plant 5,000 punji stakes and 30 land mines there.

On 5 May, an enemy soldier was killed when he stepped on one of our land mines at the tip of Kamping Puoy Hill, and we planted 8,000 more punji stakes there.

On 6 May, we planted 8,000 punji stakes in an area west of Pich Changva. On the same day, we intercepted a two-headed transport truck between O Ta Thok and Sang Rang. We shot and burned the big truck, completely destroyed the truckload, and killed five enemy soldiers and wounded eight others.

Joining the people, on 4 May the national army completely smashed and swept away the two-headed civilian administrators at Tang Reang and Khnach Romeas villages in Bavel District. We killed two cruel administrators and wounded five others and destroyed a commune office building and 33 residences of the cruel administrators. We also planted 500 poison-tipped punji stakes and some land mines along the road linking Bavel and Thmar Koul.

On 4 May, we sniped at the enemies in an area between Turnup Ta Sek and Tuol Kambao, killing an enemy soldier and wounding two others, and we burned a military camp. On the same day, we planted 700 punji stakes at Pich Changva.

2. The Sisophon-Poipet battlefield:

On 5 May, we continued to surround the routed enemies at the Phies Khluon position, killing five enemy soldiers and wounding seven others and destroying some weapons and war materiel.

On the morning of 7 May, we completely attacked the position of the enemies protecting the portion of road between Turnup Samsep Pram and Phies Khluon,

killing five enemy soldiers on the spot and wounding three others. On the same morning, we attacked the enemies along the portion of road between Phies Khluon and Boeng Krabau with land mines, killing three enemy soldiers and wounding two others and destroying an RPK machine gun, two B-40 rocket launchers, and three AK's.

On 6 May, we ambushed 100 enemy soldiers attempting to launch a raid to retake Yeay Ap village from us. We forced them to retreat, killed two enemy soldiers on the front and wounded four others, and seized 10 DK-82 rounds.

3. The Route 10-Sangke River battlefield:

On 4 May, we ambushed the enemies sallying out from the positions of Dei Roluos and Ta Pet, killing an enemy soldier and wounding two others. On the same day, we killed an enemy soldier and wounded another and destroyed a military camp in an attack at Turnup Ta Sek.

On 3 May, we attacked the enemies at the positions of Ta Kut; Banan Hill, west of Phkai Proek Hill; Chamka Chek, and Turnup Simang, killing two enemy soldiers and wounding three others and destroying a 37-mm gun.

On 1 May, three enemy soldiers were killed and four others were wounded on the spot in the ambush attack we carried out in an area between ROUNG and Tradak Pong. An enemy soldier was also killed and two others were wounded when they stepped on our punji stakes and one of our land mines.

On 2 May, we ambushed the enemies travelling from Sang Rang to Tradak Pong, killing four enemy soldiers and destroying a DK-82 gun and two AK's.

On 4 May, we ambushed the enemies near Khvak village, killing two enemy soldiers and wounding three others, and we managed to plant more punji stakes and land mines.

4. The South Battambang battlefield:

Banan District: On 5 May, enemy troops were mustered and sent on five trucks to retake the positions that we had captured along the river banks. Shortly after sallying out, the enemies were ambushed and scattered by the army and people. We killed an enemy soldier whose corpse was left on the front and wounded three others. On the same day, we attacked the enemy positions at Tuol Kei, adjacent to Thippadei Hill, and Koas Krala, killing two enemy soldiers and wounding two others.

5. The North Battambang battlefield:

Sangke District: On 5 May, our National Army, in cooperation with the people, completely smashed the

enemy positions at Tuol K'ek and of the Prey Toal defense network. We killed two, wounded one, and captured three enemy soldiers and seized 11 guns, including nine AK's, a DK gun, and an AR-15, 500 bullets, and a field radio.

Mongkolborei District: On 3 May, the National Army and people planted 15,000 punji stakes at Khtoem Khpuos.

On 4 May, we planted 2,000 punji stakes and some land mines in an area between Thmar Dong and Don Noek.

Ek Phnum District: On 3 May, the army and people planted 25,000 punji stakes in an area between Boeng Turnup and Anhchanh.

6. The Moung-Pursat battlefield:

On 4 May, we cut off Route 5 at Svay Prahaong by digging a pit measuring 1 meter deep and 2 meters wide in it. We also smashed and swept away the administrators and destroyed a house belonging to a village policeman in Ampel Chhung and Chahuoy villages.

On 4 May, we planted 7,000 punji stakes and two land mines and dug 40 pits at Tuol Khpuos.

On 3 May, we planted 20,000 punji stakes at Hong Son.

On 4 and 5 May, we planted 24,000 punji stakes and three land mines in an area east of Tracheak Chet.

On 4 May, we planted 2,000 punji stakes and two land mines and set up 10 barricades on a portion of road of 2 kilometers long between Ta Nget and Ta Meas.

Indonesia

Ali Alatas Hopeful for NPT 'Consensus'

BK0805113095 Jakarta ANTARA in Indonesian
1631 GMT 6 May 95

[Italicized passages in English]

[FBIS Translated Text] United Nations, 6 May (ANTARA) — Foreign Minister Ali Alatas believes that "voting" should be avoided in the current conference to review and extend the Nuclear Nonproliferation Treaty [NPT], because it would create the impression that a confrontation exists, which will eventually harm the NPT itself.

"We hope for a consensus, but it is too early to say what a consensus would look like," Alatas told reporters in New York Friday evening in connection with the 1995 conference to review and extend the NPT.

The NPT conference, which began on 17 April and will end on 12 May at UN Headquarters in New

York, is chaired by Jayantha Dhanapal, the Sri Lankan ambassador to the United States.

The conference is being attended by representatives of 178 NPT signatory countries. India, Pakistan, and Israel are among the nonsignatories that are not represented at the conference.

The foreign minister said that two sides with different basic positions submitted papers on a draft decision on Friday afternoon (5 May).

The first paper, submitted by the nuclear countries, especially the United States, wants an "indefinite" and even "unconditional" extension of the NPT.

The second paper, submitted by Indonesia on behalf of nonaligned countries, wants a periodic definite extension of the NPT to enable an assessment of the progress of its implementation every 25 years.

This is necessary to commit nuclear countries to such matters as ensuring the security of nonnuclear countries, comprehensively stopping nuclear tests, and eliminating weapons of mass destruction.

"What we have submitted is actually a compromise between indefinite extension and a limited definite extension," the foreign minister said.

Alatas also advocated this position in meetings with the chairman of the NPT conference; the French, British, Chinese, Japanese, and Russian chief delegates; and the U.S. energy secretary.

Majority Support

According to the foreign minister, the latest developments in the conference show that those who want an indefinite extension of the NPT are optimistic they will receive majority support and are confident of victory if voting is conducted immediately.

They have been lobbying intensively for a long time, while the nonaligned countries find it difficult to unify their perceptions on the NPT because they represent a large group.

Alatas admitted it is difficult for the nonaligned countries or the Group of 77 to achieve a consensus on altering or extending the *treaty* because each country will eventually adopt its own stance as a sovereign country.

"I think there will be a number of abstentions, even if a victory is finally achieved through *voting* on this important issue," he said.

If voting takes place, he continued, there will be an impression that the NPT members are not *solid*, and the nonsignatories in particular will question the treaty and distance themselves farther from it.

Alatas hoped that the two papers submitted by the opposing sides will boost efforts toward a consensus.

"Nevertheless, if there is no consensus by Wednesday, we are ready for *voting* and there will be no question of 'winning or losing' because the NPT itself offers alternatives for extension — an indefinite extension, a limited definite extension, or a periodic definite extension," he said.

According to NPT conference delegates, the voting procedures — open ballots or "*secret ballots*" — have almost been finalized.

Editorial on NAM 'Compromise' on Nuclear Treaty

BK0905120895 Jakarta THE JAKARTA POST
in English 29 Apr 95 p 4

[Editorial: "Nuclear Treaty Stance"]

[FBIS Transcribed Text] Members of the Non-Aligned Movement (NAM) remained divided on how to tackle the issue of the nuclear Non-Proliferation Treaty (NPT) at the close of their three-day meeting in Bandung on Thursday.

Even so, NAM members who are signatories of the treaty, which is designed to prevent the spread of nuclear weapons to nations that do not have them, agreed to compromise on the issue.

The treaty was adopted in 1970 by 169 states and comes up for renewal during the month-long disarmament conference currently being held at the United Nations headquarters in New York. Western powers, spearheaded by the United States, are trying to make the treaty a permanent one.

Indonesia was the first country to oppose the move, saying that an indefinite extension of the treaty would mean the permanent legitimization of nuclear weapons and allow the five acknowledged nuclear powers — the United States, Britain, France, Russia and China — to keep their nuclear arsenals, while others are barred from making and possessing nuclear weapons.

It is true that since the adoption of the treaty, the number of nuclear warheads worldwide, based on reports by the World Watch Institute, declined by almost six percent in 1993, from 52,875 to 49,910. The number of explosions conducted annually has decreased from 47 tests in 1987 to only one in 1993.

Still, the Jakarta government considers the treaty as not having functioned as originally intended.

Indonesia's Director General for Political Affairs Izhar Ibrahim, who leads the Indonesian delegation to the UN conference, referred to "the failed promises of the NPT

and the nuclear powers over the last 25 years". He also said that "the United States and Russia did not go far enough in their Strategic Arms Reduction Talks and to make good on their NPT commitments to move toward disarmament".

By opposing the indefinite extension of the treaty, Indonesia, the current chairman of NAM, wants to reaffirm its stance that nuclear weapons should not be monopolized by certain countries, and that it objects to the weak assurances from the nuclear powers that they will not use the deadly bombs against nonnuclear countries.

It is always possible that with more countries possessing nuclear weapons, a greater balance of power would be created to maintain world peace than if those deadly weapons are monopolized by only a few countries, leading to hegemony.

Aware of this, the NAM members, however divided they may be on the issue, came to a compromise and produced a seven-point document regarding the treaty, which includes calling for a comprehensive nuclear test ban, elimination of nuclear weapons and other weapons of mass destruction, as well as the establishment of nuclear free zones.

Suharto Urges Japan To Stabilize Yen Rate

BK1005054395 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 10 May 95

[FBIS Translated Text] President Suharto has urged Japanese Prime Minister Tomiichi Murayama to stabilize the yen's exchange rate.

Wijoyo Nitiasastro, presidential adviser for economic affairs, conveyed President Suharto's message to the Japanese prime minister during their talks in Tokyo. The president said Indonesia is not asking for the rescheduling of its debts to Japan. Meanwhile, Murayama said the Japanese Government will do its best to stabilize the international monetary market.

Official Comments on Yen Loans, Nuclear Power

BK0905142495 Jakarta MERDEKA in Indonesian 8 May 95 p 10

[FBIS Translated Text] Jakarta, Sunday [7 May], MERDEKA — The Department of Mining and Energy will reduce the amount of yen loans it uses to finance projects as part of the effort to reduce Indonesia's growing debt burden in the wake of the yen's prolonged appreciation.

After closing a working meeting of the Department of Mining and Energy in Jakarta yesterday, Mining and Energy Minister Ida Bagus Sujana told reporters that

yen loans are used frequently, particularly in electricity projects.

According to Sujana, the department cannot do much about current contracts, under which expenses in the department are growing.

"Many of our projects come under the framework of cooperation with Japan, so their financing has largely been in yen," he said.

All we can do is try as much as possible to reduce our dependence on Japanese funds to reduce the burden caused by the yen's appreciation.

He added that such efforts could not be unilateral; there should be bilateral negotiations between the two countries.

Sujana deemed it unnecessary, however, to take measures in the oil and gas sector to cope with the yen's strength against the U.S. dollar. The yen's appreciation has no direct impact on earnings from crude oil exports.

Suyitno Padmosukismo, director general for oil and gas, said he will not propose that Indonesian oil exports to Japan be fixed in yen, although much of Indonesia's crude oil is exported to Japan.

He said there are many relevant factors. On top of that, the price of oil and gas meant for export under oil production contracts with foreign contractors is fixed in dollars.

"We cannot be sure that a shift to the yen as the mode of payment for oil exported to Japan will be advantageous because the exchange rate of the world's main currency is very unstable," he said.

Zuhal, director general for electricity and energy development, said he has no objection in principle to the exploitation of nuclear energy and even supports the construction of nuclear power plants in Indonesia.

"We must be prepared to master nuclear technology and study existing weaknesses and the experience of other countries," he said, referring to the nuclear leak at Chernobyl in Russia some time ago.

He said an alternative means to generate electricity will only be sought after other sources of energy such as coal, natural gas, oil, and water can no longer meet the demand for electricity.

Coal briquettes will be a potential source of energy in the future. "We are now complacent as coal miners, but the commercial value and exploitation of coal will receive greater attention in the future."

Note on Economic Ties Exchanged With Algeria

BK0905005695 Jakarta ANTARA in Indonesian
0556 GMT 8 May 95

[FBIS Translated Text] Jakarta, 8 May (ANTARA) — Indonesia and Algeria have agreed to step up bilateral cooperation, particularly in the trade, economic, and technical fields.

Copies of a diplomatic note on the matter were signed and exchanged by Algerian Ambassador to Indonesia Abdallah Baali and Sumadi Brotodiningrat, director general for foreign economic relations in the Department of Foreign Affairs, in Jakarta on Monday.

The note followed an economic and technical cooperation agreement endorsed by the two governments on 28 April 1995.

The agreement calls for the formation of a joint economic and technical commission. The joint commission will study progress in bilateral trade and economic cooperation, recommend measures for enhancing bilateral cooperation, and explore possible direct cooperation between relevant organizations in the two countries. The joint commission will meet alternately every two years under the chairmanship of senior officials.

Realization of Investment Projects Stressed

BK0905005295 Jakarta SUARA KARYA
in Indonesian 6 May 95 p 5

[Editorial: "The Endorsement and Realization of Foreign Investment Projects" — Italicized passages in English]

[FBIS Translated Text] As many as 229 foreign investment projects were endorsed in Indonesia in the first four months — the January-April 1995 period. The figure represents a 468 percent increase over the same period in 1994. Sanyoto Sastrowardoyo, minister of state for the mobilization of investment and chairman of the Investment Coordinating Board, disclosed the figure to reporters after meeting President Suharto at the Merdeka Palace on Thursday. Indonesia has thus become the third most attractive destination for foreign investors among the developing countries, trailing China and India. Simultaneously, this refutes allegations that Indonesia is a high-risk country for foreign investment.

The growth of foreign investment in Indonesia as revealed by the minister of state for the mobilization of investment and chairman of the Investment Coordinating Board is certainly encouraging. There was a sharp jump in the amount of foreign investment — from \$8.1 billion in 1993 to \$23.7 billion in 1994. Thus there is no justification at all for various overseas investment

research institutes to classify Indonesia as a high-risk country for foreign investment.

Only a November 1994 survey conducted by Ernst and Young seemed close to the truth. The survey — which involved 1,000 multinational companies in the United States, Japan, and Europe — showed that two-thirds of the companies were interested in increasing their investment in *emerging markets* over the next five years and that Indonesia ranked third after China and India. The survey also showed that a potential market and high **rates of return**, rather than cheap labor, were the main factors in choosing a location. Three factors that can reduce the level of attractiveness are political instability, a weak legal framework, and foreign exchange controls.

In fact, the realization of foreign investment projects is more important. President Suharto emphasized this point to the minister of state for the mobilization of investment and chairman of the Investment Coordinating Board. Based on experience, there has been a big gap between the endorsement and realization of foreign investment projects. According to data from the Investment Coordinating Board, the cumulative amount of foreign investment projects approved from 1967 to 1994 was \$91.785 billion (3,092 projects), but only \$27.806 billion worth of foreign investment projects (1,704 projects), or 30.1 percent, were realized.

The low realization rate of foreign investment projects (domestic investment projects as well) will certainly result in the failure to achieve projections in national development planning; for example, projections of economic growth and job expansion. While realizing the need to study the factors that have led to the low investment realization rate, we support the government's firm policy to revoke licenses if projects are not undertaken within a certain timeframe. According to the minister of state for the mobilization of investment and chairman of the Investment Coordinating Board, 1,500 projects — an average of 60 projects per year — have been canceled.

We certainly hope that the realization of foreign investment projects will continue to increase in the future. Simultaneously, we consider foreign investment very important because it can serve as an instrument for us to master technology. As a matter of fact, international competition is becoming more *technology-driven*. In addition, the cycle of developing new products is getting shorter. Under these circumstances, we hope that foreign investment will not simply serve as a means to relocate industries with obsolete technology, but will instead serve as an effective means to transfer modern foreign technology to us. Simultaneously, we will have to develop our ability to study; adjust; and, if possible,

improve such foreign technology to enable us to attain a competitive edge.

Finance Minister on 'Cautious' Inflation Policy

BK0905042895 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 9 May 95

[FBIS Translated Text] The government has not adopted a secretive tight money policy to reduce inflation. Speaking in Jakarta, Finance Minister Mar'ie Muhammad said the government continues to follow a very cautious macroeconomic policy that includes fiscal and monetary elements.

President Suharto has instructed all departments to monitor inflation because it reached the high rate of 1.69 percent in February. All departments have been asked to enhance coordination to reduce inflation.

Economist on 'Oligopolistic' Industrial Structure

BK0905023895 Jakarta REPUBLIKA in Indonesian 8 May 95 p 1

[FBIS Translated Excerpt] Jakarta — Indonesia's industrial structure is seen as increasingly oligopolistic over the last 10 years. Economist and professor Dr. Nurimansyah Hasibuan has said that 72 percent of Indonesia's industries are based on oligopoly. "This is not beneficial to the country," Nurimansyah said in Jakarta last Friday (5 May).

Addressing a seminar at the Faculty of Economics of the Open University, Nurimansyah said an oligopolistic structure can create barriers to several economic activities, including the tendency to limit work and business opportunities. "The structure also makes it hard to stabilize the price of goods and services," he said.

Nurimansyah went on to say that the high level of oligopolistic industries — 72 percent — reflects the difficulty in promoting healthy competition in the goods and services sector. This will hurt consumers. "The high level of oligopolistic industrial structure will also maintain the high price of goods and services," the Sriwijaya University professor said.

Nurimansyah said that 18 years ago only 57 percent of the country's industries were based on oligopoly. He believes the rise to 72 percent is also responsible for the rising inflation rate, which has in turn affected economic activities.

Discussion of the country's unhealthy economic structure began to emerge last week when the Central Statistics Bureau announced that the inflation rate in April stood at 1.69 percent while the cumulative inflation rate for the first four months of 1995 stood at 4.73 percent. The country's oligopolistic and monopolistic economic

structure have been blamed in part for the rising inflation rate.

Nurimansyah said oligopolistic industries can easily turn into monopolistic ones and the government will find it increasingly hard to control the market. To prevent the situation from worsening, Nurimansyah proposed the enactment of special laws.

"The enactment of such laws does not guarantee a solution to the oligopoly problem. The enforcement of such special laws is also required," he said.

Political Parties Urged To End Infighting

BK1005105595 Jakarta SUARA PEMBARUAN in Indonesian 8 May 95 p 2

[Editorial: "Sociopolitical Organizations Must Consolidate To Face the 1997 General Election"]

[FBIS Translated Text] Edi Sudrajat, acting minister of home affairs, has reminded all district chiefs not to harbor negative feelings toward any particular political or social organization. Speaking at the closing ceremony of a government management course for district chiefs and mayors in Jakarta on Friday, 5 May, the minister said, "In my capacity as patron of internal politics, I call on all of you to act cautiously and not to belittle or harbor any suspicion over any political party or social organization."

It is unclear which district chiefs have been asked not to harbor suspicions. However, of late, we continue to read reports on the crisis over the appointment of the East Java Provincial Executive Committee of the Indonesian Democratic Party (PDI). East Java Governor Basofi Sudirman has reiterated that what is happening now are political maneuvers and tricks of the PDI East Java Provincial Executive Committee, which is cornering the East Java Provincial Administration. The JAYAKARTA daily on 6 May reports Basofi as saying "I am used to these tactics."

The report stressed that Basofi sides neither with Latief nor Cipto [candidates running for the chairmanship of the PDI East Java Provincial Executive Committee]. He expressed the hope that the leaders of 37 PDI branches in East Java would hold a meeting and try to solve the leadership crisis. The governor said currently there are two leadership camps within the PDI East Java Provincial Executive Committee. One comprises five of the eight members of the electoral committee that appointed Latief Pujosakti as chairman. This is considered constitutional because it is formed by the provincial party conference. It also received the legal endorsement from the PDI Central Executive Committee, which paradoxically also appointed its own

candidates to the PDI East Java Provincial Executive Committee.

We agree with Edi Sudrajat that in the current development process, we should not waste time and energy on conflicts and polemics. What is required is to unite the two camps to build up the nation.

We should be aware that we will soon be facing the 1997 general election. This is going to be the sixth general election held under the New Order government. The coming general election is going to be different from the previous ones in that it will be the last to be held in the 20th century. Following the election, the MPR [People's Consultative Assembly] will be established, which in turn will formulate the 1998 GBHN [Broad Outline of State Policies]. The 1998 GBHN will contain the nation's development targets and programs in the 21st century during which the challenges, dynamism, aspirations, and opportunities will not be entirely the same as that of the 20th century.

We should also note, on the one hand, our internal conditions and development, and on the other, the global development at the time of the 1997 general election. These will be very different from when the 1992 general election was held. These have to be improved and a more stable political climate created in 1997 so that it will be conducive to holding a better general election.

Therefore, being aware of this, it is just and proper for all socio-political forces to continue to consolidate themselves. Simultaneously, the time has come to discuss development targets and programs to be formulated in the 1998 GBHN. As we all know, the 1998 GBHN will lead our nation into the 21st century that will definitely be full of challenges, dynamism, aspirations, and opportunities which are not entirely the same as what we faced in the 20th century.

As a matter of fact, the 1998 GBHN will become more important because it is linked to trade liberalization and investment. By the year 2003, we will be entering an ASEAN free trade area as a follow up to ASEAN cooperation. Based on APEC [Asia-Pacific Economic Cooperation] agreement, our commodities will be free to enter the developed countries' markets in 2010. Besides, we have to open our doors wide for the entry of commodities from developed countries into our market in 2020.

Bearing in mind the several problems that we will face in the 1997 general election and the 1998 general assembly of the MPR, conflicts should be abandoned. Instead, the focus should be on the total consolidation and discussions on development targets and programs to be achieved under the Sixth Five-Year Development

Plan to come into effect at the beginning of the 21st century. It would be impossible for this to happen if the existing socio-political forces, especially the PDI and the PPP [United Development Party] are not fully consolidated and still burdened by internal crises. The 1997 general election is only two years away. Thus, the two political parties should by now be in top form just like athletes competing in a sports event.

The PDI and the PPP are the nation's assets. Therefore, it is the duty of all groups to assist the two political parties to consolidate themselves in preparation for the 1997 election. The Golkar [Functional Group], as seen thus far, is also intensifying efforts to consolidate by forming a network of functional cadres in various fields/professions at the central, provincial, and district levels, including arranging for cadre meetings nationwide.

Thailand

'Slave Labor' on Burmese Gas Pipeline Cited
BK0805112295 Bangkok THE SUNDAY POST
in English 7 May 95 pp 1, 3

[Report by Richard Steele]

[FBIS Transcribed Text] Thai, French and American oil companies, already under fire for the Tavoy pipeline they are building in collaboration with Burma's military regime, now face allegations from refugees arriving at the Thai border of wide-scale slave labour directly on the pipeline.

These are the first detailed accounts of slave labour on the pipeline itself.

Previous allegations have focused on the Ye-Tavoy railway line, which is being built by tens of thousands of slave labourers, but which the oil companies claim is not related to their project.

If the accounts given by the refugees prove accurate, the number of villagers subject to forced labour on the pipeline could be well into the thousands.

"They took my field for the pipeline," says Kyaw Myint, one of the refugees from along the Thai border. "They took my income. Before the pipeline, there was forced labour, but it was possible to live. Now it forced labour is all the time.

"Now, I cannot eat with my family openly and in peace. I cannot sleep with my family openly and in peace. When they see a man, they take him for labour. I had to leave."

Another refugee gives a similar account of the situation along the pipeline route, saying: "When they ask for

money, I always gave. When they asked for forced labour, I went. But in the night, the soldiers still come to take 'emergency forced labour'."

The natural gas pipeline is being built by French and American oil giants Total and Unocal, in partnership with Burma's ruling State Law and Order Restoration Council.

The sole consumer for the gas is the Electricity Generating Authority of Thailand (Egat) with pipeline construction on the Thai side being done by the PTTEP (Petroleum Authority of Thailand Exploration and Production Public Co Ltd), a subsidiary of the Petroleum Authority of Thailand.

Under the terms of a 30-year contract signed on February 2, Thailand will initially pay the companies and the Slorc \$400 million per year for gas pumped from the Yadana field in the Gulf of Martaban.

The pipeline will cut through 65 kilometres of land belonging to members of the Tavoyan, Karen and Mon ethnic minorities in Burma.

On February 2, in a ceremony in held in Rangoon, representatives from Unocal, Total, the PTTEP and the Burmese gathered to sign a final contract. At the signing, J. M. Beuque, signatory for Total, refused comment on allegations that the pipeline would lead to human rights abuses, saying:

"This is not the time to talk politics, this is the time to celebrate."

At 6 a.m. the next day, land clearing using slave labour began at a village called Hpaungdaw, claim refugees from the area.

According to the refugees, they were ordered to clear a 300-foot-wide right-of-way for the pipeline and accompanying roadway, starting at the sea.

By the refugees' accounts, forced labour on the pipeline consisted of cutting trees and vegetation, pulling stumps, knocking down structures and breaking rocks.

Work began at 6 a.m. and went on each day until 5 p.m. with a two-hour break at midday.

The villagers claim that no one was paid and that workers and their families had to provide their own food.

Laying of the pipeline is not scheduled to begin until later this year or in early 1996, under the supervision of French engineers.

By then, the forced labour phase of the construction is likely to be over.

According to Kevin Heppner, a Canadian working with the Karen Human Rights Group, the Slorc has used forced labour in the preparatory phases of several previous oil developments before foreign personnel were brought for technology-intensive phases of construction.

"That way," claims Heppner, "the white guys can say with a straight face that they didn't see anything."

Burmese Envoy Summoned on Border Situation

BK1005071195 Bangkok KRUNGTHAP THURAKIT in Thai 10 May 95 pp 16, 15

[FBIS Translated Text] A source in the Ministry of Foreign Affairs said that the ministry has received a report from the Thai ambassador to Rangoon saying that he was summoned by the Burmese Government for consultations on the Thai-Burmese border situation. During the consultations, the Burmese Government asked the Thai ambassador to confirm Thailand's policy on the ethnic groups along the border, especially the Khun Sa group.

The Thai diplomat replied to the Burmese Government that while Thailand pledges to impose some measures, it has given no support to the forces of Khun Sa. There would be no problem for Thailand if the Burmese military troops wanted to suppress the group; however, Thailand would not participate in any suppression activities.

However, the Burmese Government does not believe that Thailand is not involved with Khun Sa's forces. It says that following its previous successful attack on Khun Sa's forces, Burmese soldiers found evidence of Thai involvement, especially the seizure of weapons and equipment which apparently originated from Thailand. Apart from that, during the raids on Khun Sa's forces, cars from the Thai side were seen helping Khun Sa's troops to escape.

The Burmese Government asked the Thai Government to cooperate by sending Khun Sa to them, but the Thai official turned down the request, stating firmly that Thailand is not involved with the Khun Sa group and does not want to interfere in Burma's internal affairs.

The source in the Thai Foreign Ministry also reported that the United States' CIA has asked the ministry to coordinate with the Thai Government, the Thai military, and national security authorities to arrest Khun Sa and send him to face narcotics charges in the United States. Thailand refused to do so for the same reason: that it does not want to interfere in Burmese internal affairs.

Meanwhile, a report from the northern province of Mae Hong Son unveiled that Khun Sa has applied for and has

already obtained an identification card as a Thai citizen, using the name "Mr. Charoen." However, it has been noted that the obtained identification card might be a fake one.

Diplomat Denies Japan Has 'Nuclear Ambitions'

BK1005041895 Bangkok THE NATION in English
13 April 95 p A4

[Letter by Minister Akira Nakajima, third-ranking diplomat at the Japanese Embassy in Bangkok]

[FBIS Transcribed Text] THE NATION's editorial lead dated April 13, "Japan cannot remain silent over its nuclear ambitions", alleged that Japan may have a hidden nuclear weapons policy. Nothing can be more far from the truth and this is why.

Firstly, is Japan capable of producing nuclear weapons? The mere fact that Japan possesses technology for the peaceful use of nuclear energy does not signify that it has the capability to produce nuclear weapons. Japan has neither any experience nor any expertise in this field. Japan, therefore, cannot be said to have a nuclear weapons capability.

Japan maintains an exclusively defence-oriented policy and a posture of passive defence strategy. There is no recent deviation from this policy as can be seen in Japan's defence white paper, "The defence of Japan 1994". The paper openly states that Japan adheres to the three nonnuclear principles of not possessing nuclear weapons, not producing them and not permitting their introduction to Japan.

Japan's three non-nuclear principles represent a fundamental policy that has been firmly upheld by every post-war administration. Were Japan to develop nuclear weapons, it would doubtlessly face international isolation and, in the final analysis, derive absolutely no advantage from being a nuclear power. It would also destabilize Japan's international environment and this is clearly against Japan's national interest. The Japanese are, needless to say, well aware of this. Japan, therefore, is determined to maintain these principles. Moreover, as the only country to have suffered the nuclear tragedies of Hiroshima and Nagasaki, Japan is working toward nuclear disarmament and the ultimate elimination of nuclear weapons.

In this connection, Japan sponsored a draft resolution entitled "Nuclear disarmament with a view to the ultimate elimination of nuclear weapons" at last year's General Assembly of the United Nations and it was adopted by an overwhelming majority of member states, including Thailand. On the basis of a clear cut denial of any option to "go nuclear", Japan strongly supports

the indefinite extension of the Nuclear Non-Proliferation Treaty (NPT).

On April 18, Foreign Minister Kono stated at the NPT Review and Extension Conference in New York that "The NPT has played an important role as the central pillar of the international nuclear nonproliferation regime." He went on to point out that the treaty requires nuclear weapons states to work toward nuclear disarmament and that it provides a basic framework for ensuring compatibility between nuclear non-proliferation and the peaceful use of nuclear energy.

Japan's nuclear power activities are strictly restricted to peaceful purposes by the NPT and the Atomic Energy Basic Law. They are under IAEA [International Atomic Energy Agency] fullscope safeguards. Nuclear material and equipment in Japan are subject to stringent physical protection measures and any violation is punishable by law. Nuclear theft is unheard of in Japan.

Japan is moving forward with nuclear recycling to secure a stable long-term supply of energy and promoting the use of recovered plutonium is a part of this programme. But a fundamental policy of Japan's plutonium programme is that it will not possess surplus plutonium which exceeds the amount required for running its nuclear facilities. This balance of supply and demand will be maintained on a regular basis. For plutonium recovered overseas, the cumulative amount to be recovered through 2010 is projected to meet cumulative demand.

Japan published information on the plutonium in its possession. Japan is committed to increasing the transparency of its policies in this field to ensure that it has the understanding of its people and the international community as it develops and utilizes nuclear energy.

Wichit Rejects Charge on Support for Khun Sa

BK0905024595 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 8 May 95

[FBIS Translated Text] Defense Minister General Wichit Sukmak rejected as groundless the accusation made by Burma on support from Thai authorities and soldiers for Khun Sa's army, adding that the problem would be unlikely to have any effect on Thai-Burmese relations or turn out to create a conflict between the two countries. However, he disclosed that the reported sabotage threats against Thai villages allegedly supporting Khun Sa's men must be closely monitored.

The defense minister said he agreed with the proposal made by the Interior Ministry for setting up Karen refugee camps inside Burma, because that country should solve this problem itself.

Gen Wichit Sukmak noted that the move by the opposition bloc to bring up the Thai-Burmese border problem at the no-confidence debate will certainly affect the country's security and stability. He did not know if the request for the issue to be discussed in a close-door session would be granted or not.

Burmese Human Rights Situation Reviewed

*BK1005051495 Bangkok BANGKOK POST
in English 10 May 95 p 4*

[Editorial: "Firms Lured Into Burmese Honey Trap a Danger to All"]

[FBIS Transcribed Text] Recently-surfaced allegations made by Burmese refugees arriving in Thailand of land confiscation and slave labour being used in the construction of the gas pipeline project in Burma confirm what most human rights organisations had anticipated or suspected all along. In September last year, the representative of the United Nations High Commissioner for Refugees in Thailand, Ruprecht von Arnim, warned in an interview with the Wall Street Journal that the State Law and Order Restoration Council (SLORC) would probably resort to slave labour to build the pipeline. Strong warnings against the environmental impact on the Tenasserim rain forest by the project were also voiced by the Democratic Alliance of Burma and the National Democratic Front which urged the international community to withhold their business interests until democracy is restored.

Yet all these warnings seem to have fallen on the deaf ears of foreign corporations eager to do business with SLORC and exploit Burma's rich natural resources. Unocal has reportedly rejected charges of forced labour, forced relocation and other abuses. The other corporations involved in the project are the French company Total, the Petroleum Authority of Thailand Exploration and Production Company and Myanmar Oil and Gas Enterprise.

Such indifference and appalling apathetic attitude, real or pretended, towards the ongoing human rights situation in Burma are typical of the kind of businessmen whose only concern is to make profits — the more and the quicker the better — regardless of moral, social or environmental considerations. After all, economic justification has always been the main driving force prompting foreign governments and corporations to flock to Burma looking for profitable deals. It is also the same justification which gave rise to Thailand's much-publicised constructive engagement policy towards Burma which has become the pillar of ASEAN's foreign policy towards the hermit country.

While openly preaching support for democracy and loathing for human rights abuses, several mega-corporations may feel it is much easier and more convenient to do business with dictatorships than with democratically elected governments. At least under a dictatorial regime, dissenting voices against a controversial deal will be nonexistent or suppressed as in the case of the pipeline project. Despite the widespread environmental implications, it seems that there is no requirement for investors to conduct an environment impact assessment study for the project as would have been required in France, the United States or Thailand.

Of all the development projects, including the gas pipeline, being undertaken in Burma by foreign corporations and governments under the pretext of constructive engagement, the real losers are the Burmese people who continue to suffer and whose rights are trampled upon. The standard claim that the projects will create jobs for the Burmese people, even if true, will not compensate for the loss of freedom, deprivation and abuses at the hands of SLORC.

Foreign governments are indulging in a fantasy if they believe that the military junta in Rangoon will gradually loosen its iron-fisted grip on the Burmese people and allow democracy to be restored merely by keeping in touch with or exposing the regime to the outside world without applying pressure or sanctions. On the contrary, the aid and investment pouring in will help consolidate the junta's rule.

The emerging allegations of forced relocation and modern-day slave labour in Burma will serve as a grim reminder to the advocates and supporters of the constructive engagement policy that the real human rights situation in Burma is far from improving. And the human face that SLORC has been trying to show to the world is, in fact, just a mask.

Over 2,500 Karen Refugees Return to Burma

*BK0805105395 Bangkok THE SUNDAY POST
in English 7 May 95 p 2*

[FBIS Transcribed Text] Tak — More than 2,500 Karen refugees in Tha Song Yang District have returned to Burma in the past two weeks following the raids of three Karen refugee camps by Democratic Karen Buddhist Army [DKBA] troops.

Informed sources here said the refugees from Huai Manok and Kamaw Lay Kho camps reluctantly went back because they were afraid of further attacks by the renegade Karens. Most of the returnees hired long-tailed boats which took them to Mae Ta Wah camp on the Burmese side after they underwent searches by Thai

border officials. They were received upon arrival at the pier in Mae Ta Wah by members of the DKBA.

Informed Border Patrol Police sources said between 100-200 Karen refugees had returned to Burma through Mae Ta Wah each day since last month. At least 6,000 Karens have returned since the beginning of this year, said the sources.

Pu Aye Dwe, leader of Huai Manok camp which was torched by DKBA forces, complained that the remaining refugees have been living in temporary shelters around the burned-out camp. The conditions, he said, are bad and will get worse with the arrival of rain.

He said that most refugees wanted to be relocated as quickly as possible.

DKBA Role in Killing of Policemen Questioned

*BK0805051795 Bangkok BANGKOK POST
in English 8 May 95 p 1*

[FBIS Transcribed Text] The Democratic Karen Buddhist Army (DKBA) might not have been responsible for the killing of three Thai border policemen at Ban Sop Moei in this northern province last week, Third Army Region Deputy Commander Maj-Gen [Major General] Saimit Klaiyanamit said yesterday.

Maj-Gen Saimit said the case had not yet been finalised but he did not believe that the DKBA's forces were responsible for the attack on a police outpost at Sop Moei's Ban Mae Nga and the killing of three border police officers posted there.

The police outpost was located about 31 kilometres from the border on the Thai side and it was unlikely the DKBA would launch an assault that far inside Thailand.

The deputy commander said it was possible that the attack on the outpost might have been carried out by "interest groups" which have bases in the country. He would not elaborate any further.

Earlier, DKBA commander Lt-Gen [Lieutenant General] Toe Hlaing totally denied the allegation that DKBA forces had attacked the outpost and killed the three officers.

He said it was not the DKBA's policy to attack Thai security forces.

He suggested that the killing of the policemen was the result of personal conflicts between Karen people and local police.

Maj-Gen Saimit said last Friday's assault on DKBA forces operating along the border had inflicted substantial military damage on them.

Thai army reinforcements will now stabilise the situation in the area.

He said the army would swiftly respond and conduct hot pursuits into Burma if the DKBA continued its cross-border raids on Karen refugee camps located inside Thailand.

Interior Minister Sanan Khachonprasat yesterday made an inspection trip to the police outpost in Sop Moei's Ban Mae Nga where the three policemen were killed.

The minister said the border situation was nothing to be concerned over, noting that security forces could still maintain order and safety in the area.

Maj-Gen Sanan, a former cavalry officer, said he was confident that the security situation would gradually improve following the army's tough measures against foreign forces encroaching on Thai territory.

Meanwhile, in Tak's Mae Sot District, a local health official, Amon Bunmak, was killed yesterday by six armed Karens who crossed the border to rob Thai villagers at Ban Nong Bua, 3 kilometres from the district police station.

Mr. Amon, a health official of Phop Phra District, was killed as he was walking in the area while armed Karens were robbing villagers in Ban Nong Bua.

A police report said the armed Karens took two gold necklaces from villagers and four motorcycles which they used to flee the scene.

Vietnam

Customs 'Pessimistic' on Curbing Smuggling

*BK1005140195 Hanoi VIETNAM INVESTMENT
REVIEW in English 24-30 Apr 95 p 8*

[FBIS Transcribed Text] Smuggling offenses have been on the rise since the beginning of this year, disrupting both fair competition in the domestic market as well as undermining government law enforcement and import tax collection, according to a trade official.

Foreign smuggling ships often establish close connections with local partners who meet them in the open sea where the goods are transferred on to Vietnamese boats and brought ashore, said Department of Customs Control Division spokesman Chu Van Nhan. Once the incoming goods change hands, they are immediately distributed in markets and shops all around the country.

Smugglers have used helicopters and speedboats to move heroin and rare gems out of Vietnam, Nhan said. Helicopters are used primarily to take goods from the Vietnamese mainland to offshore oil platforms —

outside customs' jurisdiction — where the goods are transferred to ships and transported abroad.

Smugglers have killed about 15 customs officers in the past year, Nhan said. A smuggled-goods market operating off the coast of central Nghe An province was discovered recently by officials. Smugglers bring in luxury appliances, cars and motorbikes, Nhan said. "These vessels drop anchor offshore, outside of customs' control, and then transfer their goods to small boats."

Off Quang Ninh province on Vietnam's northernmost coastline, customs has deployed what Nhan described as "high-speed, Russian-made fighting ships" with a top speed of 60 knots. "These boats can outrun any smuggling vessel," Nhan said.

In the first quarter of this year, anti-smuggling agents uncovered a wide variety of goods illegally shipped into the area, including 272 briefcases, 14,820 packs of foreign cigarettes, 444 used televisions, 265 radio-cassette players and 150 kilograms of explosives. Other smuggled items discovered by the authorities ranged from 3,000 boxes of Chinese-made bricks to VND [Vietnamese dong] 200 million (US\$18,000) worth of second-hand clothing.

At Vietnam's airports, smugglers are trafficking antiques, rare gemstones and drugs. Nhan said that from last year through February 1995, customs seized 1,921 antiques, 55 rare stones, 7.95 kilograms of heroin, and 1,696 cans of mace at airports.

Over land, Nhan identified "hot spots" as Lang Son, Quang Ninh, and Ha Giang provinces in the north, Lao Bao on the Laos border in central Vietnam, and Tay Ninh, Moc Bai and Sa Mac on the southern border with Cambodia. Smuggling across border paths appears even more rampant, accounting for 60-70 percent of the total tax losses due to illegal imports, officials revealed. In some places, smugglers hire 5,000 to 6,000 carriers per day to transport smuggled goods back and forth across the border. The illicit trade causes the government up to VND400 million (US\$36,300) in uncollected taxes per day.

Apart from direct smuggling operations, other common infractions involve the false declaration of imported materials. In order to evade the higher tax rate, importers sometimes declare items as new when they are second-hand. In many instances, items are declared as something completely different so that merchants can lower their import tariffs.

Last year port customs recorded seizures of 9,800 illegally imported Honda Dream II motorcycles, four shipments of 12 cars each, four airplanes — imported

by a foreign businessman who failed to declare them — and four containers of waste.

To combat the situation, Vietnam's General Department of Customs has recently implemented measures such as purchasing a fleet of high speed patrol boats and fostering stronger cooperation with officials in border provinces.

Officials, however, appear pessimistic about their capacity to significantly reduce the flow of illegal goods.

Le Duc Anh Activities in Paris Reported

*BK1005111495 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 9 May 95*

[FBIS Translated Text] While in France to attend the 50th anniversary of the victory over fascism, President Le Duc Anh, his wife, and his entourage visited Montreuil town, an outer suburb of Paris on the afternoon of 8 May. Montreuil is a town of about 100,000 people; most of them are workers and laboring people.

The mayor of Montreuil, Mr. Jean Pierre Brard, and members of the local council warmly welcomed President Le Duc Anh, his wife, and Vietnamese guests. They expressed the admiration of the people of France in general, and Montreuil in particular, to the heroic struggle of the Vietnamese people as well as to our achievements gained during the current renovation process. Mr. Brard also expressed his hope that the cooperative ties between his town with Vietnam, including Hanoi, in broadcasting, banking, hotel services, and other fields would be promoted.

President Le Duc Anh sincerely thanked his hosts for the warm hospitality given to the entourage by the Montreuil leaders and people and for the precious assistance granted by the French people, including the Montreuil people, to the Vietnamese people's struggle for national independence in the past as well as their national construction at present. He expressed his belief that the friendly and cooperative ties between the peoples of France and Montreuil with Vietnam would be unceasingly consolidated and fruitfully developed.

The same day, President Le Duc Anh and his party visited Montreuil Museum where traces of the room in which he lived and worked in Paris from 1921-1923 were displayed. At the same time, he also visited some working families in Montreuil.

Also on the 8 May, President Le Duc Anh held a cordial meeting with Congolese President Pascal Lissouba, who was in Paris to attend the 50th anniversary of victory over fascism. President Le Duc Anh sincerely thanked the Congolese president, government, and people for

their assistance and support to the Vietnamese people in the past, as well as in the current undertaking of national construction. He also expressed his belief that the friendship and cooperation between the two countries will continue to develop greatly for the benefit of the peoples and the two countries and to contribute to peace, stability, and development in each region.

The Congolese president expressed his honor to meet President Le Duc Anh and he was moved at sentiments reserved for him by the Vietnamese president and people. The Congolese president showed his desire to further strengthen the friendship and practical cooperation between the two countries for the prosperity and development of each nation.

Do Muoi Meets With Southern Businessmen

*BK0805114595 Hanoi VNA in English
0636 GMT 8 May 95*

[FBIS Transcribed Text] Hanoi VNA May 8 — Party General Secretary Do Muoi met in Ho Chi Minh City recently with directors of enterprises from various economic sectors engaging in businesses and production in the city and the southern provinces of Dong Nai and Song Be.

In papers they presented at the 3-day meeting, directors noted that the party's renovation policy, which the state has step by step institutionalised by introducing detailed economic ordinances, has created an impetus to the production development and make their enterprises work effectively. They spoke of initial results of the equalization of some state-owned enterprises, the renewal of the management and form of doing business, the pace of construction in the industrial areas and the export processing zones, the development of the collective and private economic sectors, and so on.

Referring to difficulties, obstacles and challenges to the economic development, directors voiced their opinions on state's consideration, adjustment and supplement to policies on tax, interest rate, simplification of procedures and introduction of good management policy regarding state-owned enterprises, cooperatives, jointstock companies and foreign-invested companies.

Hearing these papers, the Vietnamese party leader urged directors to do their best so as to raise the quality of their

products and work effectiveness and made a tour of two tailoring companies of the People's Army General Logistics Department.

Government Takes Action Against Inflation

*BK0905005795 Hanoi Voice of Vietnam in English
1000 GMT 8 May 95*

[FBIS Transcribed Text] The Vietnamese Government has finally taken action against the rapid hike of current prices rise in Hanoi by letting factories' gate prices rise to a level 15 percent lower than that offered on the black market. Prices in this month have rocketed to more than double of those last year.

'Record Harvest' Reported in Mekong Delta

*BK1005082895 Hanoi VNA in English
0709 GMT 10 May 95*

[FBIS Transcribed Text] Hanoi VNA May 10 — Farmers in the Mekong River Delta have got a record harvest of over six million tonnes of winter-spring rice or 700,000 tonnes higher than the corresponding season last year, reports the Ministry of Agriculture and Food Industry.

In the delta, the biggest rice producer in Vietnam, the winter-spring crop this year covered nearly two million hectares, or 100,000 ha more than the corresponding crop last year, accounting for almost a half of the winter-spring rice crop nationwide.

The harvest was completed early this month with an average yield at over 5.5 tonnes per ha, or 0.24 tonne higher than the last crop.

The peak yield of 6.5 tonnes per ha was recorded in Dong Thap Province which got a total of 1.7 million tonnes of paddy, or second to An Giang Province with a total output of nearly two million tonnes.

At present, eight out of eleven provinces in the Mekong River Delta achieved a total paddy output of one million tonnes and more. In 1994, the paddy output of the delta totalled 13 million tonnes, up by nearly three times compared with 1975, the year of liberation of south Vietnam.

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